

**Zhejiang HangKe Technology Incorporated
Company
Semi-Annual Report 2023**

Important Notes

I. The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company guarantee the truthfulness, accuracy and completeness of the content of the Semi-Annual Report, and that there are no false records, misleading statements or material omissions, and that they shall bear individual and joint legal liabilities.

II. Significant Risk Warning

The Company has set out in detail in this report the various risks that the Company may face in the course of its operations and the measures to deal with them, please refer to "V. Risk Factors" under "Section III. Management Discussion and Analysis" in this report.

III. All the directors of the Company were present at the Board Meeting.

IV. This semi-annual report is unaudited.

V. Yu Pingguang, the person in charge of the company, Fu Fenghua, the person in charge of accounting work, and Yang Zhaodi, the person in charge of the accounting organization (accounting officer in charge), declare that they guarantee the truthfulness, accuracy and completeness of the financial report in the semi-annual report.

VI. Proposals for profit distribution or capitalization of provident fund for the reporting period adopted by resolution of the Board of Directors

N.A.

VII. Existence of important matters such as special arrangements for corporate governance

Applicable Not Applicable

VIII. Risk statements for forward-looking statements

Applicable Not Applicable

Forward-looking statements such as the company's future plans and development strategies covered in this report do not constitute a material commitment by the company to investors, and investors are advised to be aware of the investment risks.

IX. Whether there is non-operational appropriation of funds by controlling shareholders and other related parties

No

X. Is there any violation of the required decision-making procedures for the provision of external guarantees?

No

XI. Whether more than half of the directors are unable to guarantee the truthfulness, accuracy and completeness of the half-yearly report disclosed by the company

No

XII. Others

Applicable Not Applicable

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| List of documents available for review | Financial statements containing the signatures and seals of the company's legal head, the person in charge of accounting, and the head of the accounting organization (accounting supervisor). |
| | The originals of all original company documents and original announcements that have been publicly disclosed on the designated website of the China Securities Regulatory Commission during the reporting period. |

Section I Interpretation

In this report, unless the context otherwise requires, the following terms have the meanings set out below:

| Interpretation of commonly used words | | |
|--|----------|---|
| The Company, the Company, HangKe Technology | refer to | Zhejiang HangKe Technology Incorporated Company |
| CHR Japan Co. | refer to | CHR Japan Co., Ltd. - a wholly owned subsidiary of the Company, formerly known as Hong Rui Ke Electronics Trading Japan Co. |
| Korea HangKe | refer to | HangKe Electronics Corporation (Korea) - a wholly-owned grandson of the Company and a wholly-owned subsidiary of the Company's wholly-owned subsidiary, CHR Japan Co. |
| Hong Kong HangKe | refer to | HangKe Electronic Trading Hong Kong Limited - a wholly owned subsidiary of the Company |
| HONRECK (Malaysia) | refer to | HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD (Malaysia) - a wholly-owned grandson of the Company, a wholly-owned subsidiary of the Company CHR Japan Co. |
| HONRECK (Poland) | refer to | HONRECKE ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA (Poland) - wholly-owned grandson of the Company, a subsidiary of the Company's wholly-owned subsidiary, Hong Kong HangKe |
| HangKe Group | refer to | Hangzhou HangKe Intelligent Equipment Group Co., Ltd. (formerly known as Hangzhou HangKe Investment Co., Ltd., or "HangKe Investment") - Shareholders of the Company |
| Hangzhou Reliability Instrument (1935-), Hong Kong politician, vice-president of the PRC Supreme Court 1998-2003 | refer to | Hangzhou Reliability Instrument Factory - a related party of the Company |
| General Electric Measurement | refer to | Hangzhou General Electric Measurement Co., Ltd-- a related party of the Company |
| Nanping Precision | refer to | Hangzhou Nanping Precision Instrument Company Limited-- a related party of the Company |
| Tongce | refer to | Hangzhou Tongce Communication Electronics Co.,Ltd. -- a related party of the Company |
| Tongce Microelectronics | refer to | Hangzhou Tongce Microelectronics Co., Ltd-- a related party of the Company |
| Lithium ion | refer to | The substance that generates current in lithium-ion batteries. When charging, it is released from the active substance of lithium at the positive electrode into the negative electrode, and when discharging, it is precipitated from the negative electrode and recombines with the compound at the positive electrode, and the movement of lithium ions generates electric current |
| Electric core | refer to | Lithium battery consists of a core and a protection circuit board, the core is the power storage part of the rechargeable battery |
| New energy vehicle | refer to | Refers to all vehicles with energy sources other than gasoline and diesel engines, including fuel cell vehicles, hybrid vehicles, hydrogen-powered vehicles and solar-powered vehicles. |

| | | |
|---|----------|--|
| Power cell | refer to | A chemical power source that provides electrical energy for devices such as power tools, electric bicycles and electric vehicles. Commonly used power batteries include lead-acid batteries, nickel-metal hydride batteries, lithium batteries, etc. |
| Lithium battery back-end equipment, lithium battery after-treatment equipment | refer to | Equipment used in the production process of lithium batteries for the activation and formation of cells, capacity separation and testing, and assembly into battery packs. |
| LG | refer to | LG Energy Solution. |
| SK | refer to | SK innovation Co.,Ltd. |
| Ningde Times | refer to | Ningde Times New Energy Technology Co.,Ltd. |
| Ningde New Energy | refer to | Ningde New Energy Technology Co.,Ltd. |
| Yiwei Lithium | refer to | Huizhou EVE EnergyEnergy Co.,Ltd. |
| Guoxuan Hi-tech | refer to | Hefei Guoxuan Hi-tech Power Energy Co.,Ltd. |
| BAK POWER | refer to | Shenzhen BAK Power Battery Co.,Ltd. |
| Tianjin Lishen | refer to | Tianjin Lishen Battery Co.,Ltd. |
| Murata, Japan | refer to | Subsidiary under Tohoku Murata Manufacturing Co.,Ltd. |
| Companies Act | refer to | Current Company Law of the People's Republic of China |
| Securities Act | refer to | Existing Securities Law of the People's Republic of China |
| China Securities Regulatory Commission CSRC | refer to | China Securities Regulatory Commission (CSRC) |
| Shanghai Stock Exchange (SSE) | refer to | Shanghai Stock Exchange (SSE) |
| Swiss Stock Exchange | refer to | Swiss Stock Exchange |
| GDR | refer to | Global Depositary Receipts (GDRs) |
| Current reporting period, current period | refer to | January 1, 2023 to June 30, 2023 |

Section II Company Profile and Key Financial Indicators

I. Basic information of the company

| | |
|---|--|
| Chinese name of the company | Zhejiang HangKe Technology Incorporated Company |
| Chinese abbreviation of the company | HangKe Technology |
| Foreign name of the company | Zhejiang HangKe Technology Incorporated Company |
| Abbreviation of the company's foreign name | HangKe Technology |
| Legal representative of the company | Yu Pingguang |
| Company registered address | No.77, Gaoxin 11 Road, Qiaonan Block, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang, China |
| Company office Address | No.77, Gaoxin 11 Road, Qiaonan Block, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang, China / No.298, Gaoxin 6 Road, Xiaoshan Economic Development Zone, Hangzhou, China |
| Postal code of the company's office address | 311231 |
| Company Website | http://www.chr-group.net |
| E-mail address | hq@chr-group.net |

II. Contact person and contact information

| | | |
|--|--|---------------------------|
| | Secretary of the Board of Directors (domestic representative for information disclosure) | Securities Representative |
|--|--|---------------------------|

| | | |
|-----------------|--|--|
| Name | Fu Fenghua | Wu village |
| Contact address | No.298, Gaoxin Sixth Road, Xiaoshan Economic Development Zone, Hangzhou, Zhejiang, China | No.298, Gaoxin Sixth Road, Xiaoshan Economic Development Zone, Hangzhou, Zhejiang, China |
| Telephones | 0571-82210886 | 0571-82210886 |
| Telex | Not applicable | Not applicable |
| E-mail address | hq@chr-group.net | hq@chr-group.net |

III. Brief description on information disclosure and filing place

| | |
|---|--|
| Name of the newspaper selected by the company for disclosure of information | Shanghai Securities News, Securities Daily |
| Website address for posting the semi-annual report | www.sse.com.cn |
| Place where the Company's semi-annual report is filed | Corporate Securities Affairs Department |

IV. Brief description of the company's stocks/depository receipts

(I) Company stock profile

Applicable Not Applicable

| Company stock profile | | | | |
|-----------------------|--|-------------------|------------|--------------------------|
| Stock Type | Stock Exchange and Sector | Stock short form | Stock code | Stock name before change |
| A-share | Shanghai Stock Exchange (SSE) Science and Technology Board | HangKe Technology | 688006 | Not applicable |

(II) Brief description of Company Depository Receipts

Applicable Not Applicable

| Brief Description of Company Depository Receipts | | | | | |
|--|--|---|---------------------------------|-------------------------|--|
| Type of securities | Conversion ratio of depository receipts to underlying shares | Depository Receipts Listing Exchanges and Sectors | Depository Receipt Abbreviation | Depository receipt code | Short name of the depository receipt before the change |
| Global depository receipt (GDR) | 1:2 | Swiss Stock Exchange (SIX Swiss Exchange) | Not applicable | ZHT | Not applicable |

| | | |
|------------------------|------------------|---|
| Depository institution | Name | Citibank |
| | Business address | 388 Greenwich Avenue, New York, NY 10013, USA |
| | Agent | Keith Galfo |
| Hosting organization | Name | Bank of China (BoC) |
| | Business address | No.1 Fuxingmennei Street, Beijing |
| | Agent | Wang Peng (1900-1982), Chinese communist leader |

Other relevant information

Applicable Not Applicable

VI. Key accounting data and financial indicators of the Company**(I) Key accounting data**

Unit: Yuan Currency: RMB

| Key accounting data | Current reporting period (January-June) | Same period last year | Increase/decrease in the current reporting period over the same period of the previous year (%) |
|--|--|-----------------------|---|
| Revenues | 2,120,914,382.58 | 1,955,223,362.80 | 8.47 |
| Net profit attributable to shareholders of listed companies | 475,631,938.78 | 241,275,489.68 | 97.13 |
| Net profit attributable to shareholders of listed companies after extraordinary gains and losses | 464,454,350.33 | 223,734,039.04 | 107.59 |
| Net cash flows from operating activities | 149,304,544.96 | 329,210,530.04 | -54.65 |
| | End of the reporting period | End of previous year | Increase/decrease at the end of the reporting period over the end of the previous year (%) |
| Net assets attributable to shareholders of listed companies | 4,872,776,188.56 | 3,347,538,154.36 | 45.56 |
| Total assets | 10,082,395,233.93 | 7,966,087,105.80 | 26.57 |

(II) Main financial indicators

| Main financial indicators | Current reporting period (January-June) | Same period last year | Increase/decrease in the current reporting period over the same period of the previous year (%) |
|--|--|-----------------------|---|
| Basic earnings per share (RMB/share) | 0.80 | 0.60 | 33.33 |
| Diluted earnings per share (RMB/share) | 0.80 | 0.59 | 35.59 |
| Basic earnings per share after extraordinary gains and losses (yuan/share) | 0.78 | 0.55 | 41.82 |
| Weighted average return on net assets (%) | 10.98 | 8.09 | Increase of 2.89 percentage points |
| Weighted average return on net assets after extraordinary gains and losses (%) | 10.72 | 7.50 | Increase of 3.22 percentage points |
| R&D investment as a percentage of operating income (%) | 5.86 | 5.46 | Increase of 0.40 percentage points |

Description of the Company's principal accounting data and financial indicators

Applicable Not Applicable**VII. Differences in accounting data under domestic and foreign accounting standards**Applicable Not Applicable

VIII. Items and amounts of non-recurring gains and losses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

| Non-recurring profit and loss items | Amount | Notes (if applicable) |
|--|---------------|-----------------------|
| Gains and losses on disposal of non-current assets | -66,430.28 | |
| Excessive authorization, or no official approval documents, or occasional tax rebates or exemptions | | |
| Government grants recognized in profit or loss for the current period, except for government grants that are closely related to the Company's normal business operations, in line with national policies, and in accordance with certain standards of fixed amount or quantitatively sustained enjoyment | 16,650,749.55 | |
| Occupancy fees charged to non-financial corporations included in profit or loss for the period | | |
| The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the identifiable net assets of the investee at the time of investment acquisition | | |
| Gains and losses on exchange of non-monetary assets | | |
| Gains and losses on entrusted investments or management of assets | | |
| Provision for impairment of various assets due to force majeure factors, such as natural disasters | | |
| Debt restructuring gains and losses | | |
| Business reorganization costs, such as expenditures for relocating employees, integration costs, etc. | | |
| Gains and losses in excess of fair value arising from transactions at significantly unfair prices | | |
| Net profit or loss of subsidiaries for the period from the beginning of the period to the date of consolidation arising from business combinations under the same control | | |
| Gains and losses arising from contingencies unrelated to the Company's normal business operations | | |
| Gains or losses from changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and | -3,144,416.25 | |

| | | |
|---|---------------|--|
| investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging operations related to the Company's normal business operations | | |
| Reversal of Provision for Impairment of receivables and contract assets individually tested for impairment | | |
| Gains and losses on external entrusted loans | | |
| Gains and losses arising from changes in the fair value of investment properties subsequently measured using the fair value model | | |
| Effect of one-time adjustment to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss | | |
| Custodial fee income earned on trusteeship | | |
| Non-operating income and expenses other than those listed above | -325,829.03 | |
| Other items of profit or loss that meet the definition of non-recurring profit or loss | | |
| Less: Income tax effect | -1,936,485.54 | |
| Impact of minority interests (after tax) | | |
| Total | 11,177,588.45 | |

For non-recurring profit and loss items defined by the Company in accordance with the definition of "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss" and for items listed as non-recurring profit and loss in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Gains and Losses of Companies in Public Offerings" definition of non-recurring items of gains and losses, and items defining non-recurring items of gains and losses as recurring items of gains and losses, shall explain the reasons thereof.

Applicable Not Applicable

IX. Description of non-enterprise accounting standards performance indicators

Applicable Not Applicable

Section III Management Discussion and Analysis

I. Description of the Company's industry and main business during the reporting period

(i) Industry situation

1. The development stage of the industry, the basic characteristics, the main technical thresholds

Since 2023, the global market, especially in Europe and the United States, has invested heavily in new energy, and lithium battery plant planning has been restarted on a large scale. Lithium battery production back-end processing system development stage: Due to the increasing demand for lithium-

ion batteries in various fields such as electric vehicles, consumer electronics, renewable energy storage, the lithium battery production formation, separation and testing equipment industry has been developing rapidly in recent years. The industry is now in a mature stage of development, with many participants and fierce competition. Lithium battery production formation, separation, testing equipment is high-tech equipment and machinery used in the manufacturing process of lithium-ion batteries, which is designed to ensure the quality and performance of the battery, from the initial stage of production to the final testing and separation. The lithium battery reprocessing industry requires continuous technological innovation to improve the efficiency and cost-effectiveness of the manufacturing process.

The basic features of Lithium Battery Production Formation, Separation and Testing Equipment industry include:

High Precision and Accuracy: Lithium-ion batteries require a tightly controlled manufacturing process to ensure their performance and reliability. As a result, the equipment used to produce and test these batteries needs to be highly precise and accurate.

Automation and Intelligence: In order to improve efficiency and reduce human error, many of the equipment used in the production of lithium batteries are highly automated and intelligent, capable of performing complex tasks and analyzing data in real time.

Versatile and flexible: The lithium battery production process involves many different steps and requires different types of equipment. Therefore, the equipment used in this industry needs to be versatile and flexible, capable of handling different cell sizes, chemistries and throughputs.

High efficiency and energy saving: The process of lithium ionization and capacity separation requires a large amount of electricity for production and operation, so energy recycling in the production process and improving the efficiency of electricity consumption are all quite important.

The main technological thresholds of the lithium battery production formation, separation and testing equipment industry include:

Development of high-precision equipment for battery production and testing: The manufacture of lithium-ion batteries requires high-precision equipment and machinery for accurate and efficient production, formation and deposition. The development of high-precision, state-of-the-art equipment is critical to improving the quality and performance of lithium-ion batteries.

Improvements in battery formation: The formation process is critical to the performance and safety of lithium-ion batteries. The development of advanced formation processes to improve the consistency and stability of battery performance is critical to the growth of the industry.

Advances in Battery Dispenser Technology: Dispenser processes are critical to ensuring the quality and consistency of lithium-ion batteries. The development of advanced compartmentalization technologies that can accurately assess battery performance and safety is a critical technological threshold for the industry.

Innovations in battery management systems: The management of lithium-ion batteries is becoming increasingly complex due to the growing demand for high-performance and high-capacity batteries. The development of advanced battery management systems that can monitor and control battery performance and safety is critical to the growth of the industry.

2. Analysis of the company's position in the industry and its changes

HangKe Technologies is a globalized provider of equipment and solutions for lithium battery post-processing systems. The company's products are mainly responsible for lithium battery post-processing system, battery cycle test system and battery PACK test system. The company is one of the few suppliers in the industry that can provide a full set of post-processing system solutions for cylindrical, flexible pack and square lithium batteries, including charging and discharging equipment, logistics systems and software systems. At present, the products have been widely used in digital 3C, automotive power, energy storage field of battery factory and automobile factory, and in many countries and regions around the world to complete the delivery of equipment.

The lithium-ion battery industry is experiencing rapid growth in the first half of 2023, driven by growing demand for electric vehicles, energy storage systems, and portable electronics. Demand for formation and dividing test equipment is also expected to grow, as these are essential components of the lithium-ion battery manufacturing process.

HangKe Technologies has established partnerships with a number of major battery manufacturers at home and abroad, including SK, LG, Samsung, Panasonic, Sony (Murata Japan), Ningde Times, BYD,

Guoxuan Hi-tech, EVE Energy, Farasis Energy, etc. The company has also been working on expanding its global presence, with a focus on Southeast Asia, Europe and North America.

The company continues to maintain a leading position in the market of lithium battery production post-processing equipment, technology, research and development and products are always at the forefront of the industry. Lithium-ion battery production line post-processing system is a multidisciplinary large-scale comprehensive system, involving mechanical design, hardware circuitry, automation applications, software development, big data applications and other disciplines, which requires comprehensive integration of knowledge in multiple fields. The company's core technologies include digital power supply technology, high-frequency PWM converter technology, full-automatic calibration technology, high-temperature pressurized charging and discharging technology, high-precision linear charging and discharging technology, high-frequency SPWM/SVPWM converter technology and energy recovery technology, as well as the energy storage DC system and the heat pump management system integrated application and management.

In summary, HangKe Technologies is a global enterprise specializing in the production of chemical capacity testing equipment for lithium-ion batteries, with leading advantages in technology and market, etc. With the increasing demand for lithium-ion batteries, the demand for the equipment will continue to grow rapidly, and the company occupies a leading position in both the domestic and international markets.

3. Development of new technologies, industries and models during the reporting period and future development trends

2023 Major battery manufacturers are actively expanding their battery production capacity, and the global lithium battery capacity is expected to increase steadily in the future. According to SNE Research, global lithium battery capacity may grow from 994GWh to 8247GWh from 2021 to 2030, with a CAGR of 27%. Among them, the global production capacity is expected to be 1,273GWh by the end of 2022, a year-on-year growth of 28%; 4,055GWh is expected to be realized by the end of 2025, and it is expected that the global lithium battery production capacity will be released continuously in the future.

As of July 2023, the lithium battery production equipment industry is experiencing rapid growth and innovation, driven by the growing demand for lithium-ion batteries in electric vehicles, energy storage systems, and portable electronics. Some of the key new technologies, industries, and models emerging in the industry and likely to continue to evolve in 2023 and beyond include:

Automation and Smart Manufacturing: The increasing demand for high quality and efficient battery production is driving the development of more advanced automation and smart manufacturing systems for lithium battery production. These systems can increase productivity, reduce labor costs and improve quality control, which is especially important as lithium-ion battery production continues to grow.

Solid-state batteries: Solid-state batteries are a promising new technology that has the potential to offer higher energy density, faster charging speeds, and greater safety than conventional lithium-ion batteries. The production of solid-state batteries requires specialized equipment and processes that are still being developed and optimized.

Recycling and reuse: Growing awareness of the environmental impact of lithium-ion batteries has led to the development of new recycling and reuse technologies and business models.

Battery leasing and exchange: As demand for electric vehicles continues to grow, new business models are emerging for battery production facilities, including battery leasing and exchange. These models involve the use of specialized equipment and processes that can efficiently remove, replace and recycle batteries as needed, thereby reducing the upfront costs of battery production and improving the overall sustainability of the industry.

Overall, the lithium battery production equipment industry is likely to continue to grow and evolve through 2023 and beyond, driven by demand for high-quality, efficient, and sustainable battery production. The development of new technologies, industries, and models will be critical to meeting these demands and maintaining the industry's growth and competitiveness.

(ii) Main business, main products or services

1. Main operations

Since its inception, the company has always been committed to all kinds of rechargeable batteries, especially lithium-ion battery post-processing system design, research and development, production and sales, currently in the charge and discharge machine, internal resistance tester and other post-processing system of the development of the core equipment, production has the core technology and ability, and

can provide lithium-ion battery production line post-processing system overall solutions. The post-processing process is a necessary process for the production of lithium-ion batteries, after post-processing, lithium-ion batteries can reach a usable state, and play a vital role in the manufacture of lithium-ion battery cells and battery packs with high consistency, good stability and excellent performance. Relying on professional technology, refined management and personalized service, the company has been supplying all kinds of lithium-ion battery production line post-processing system equipments for domestic and foreign famous lithium-ion battery manufacturers, such as Samsung, LG, SK, Sony (now Murata), BYD, Ningde Times, Ningde Times New Energy, Byd, EVE Energy Energy, Guoxuan High Tech, Xinwonda, Yuanxing Power and Tianjin Lishen.

2. Main products

The company's main products are charging and discharging equipment and other equipment such as internal resistance tester, Where charging and discharging equipment is divided into cylindrical battery charging and discharging equipment, soft pack/polymer battery charging and discharging equipment (including conventional soft pack/polymer battery charging and discharging equipment and high temperature pressurized charging and discharging equipment), square battery charging and discharging equipment.

The company's main products are displayed in the table below:

| Product category | Main Product Name | | Examples of representative products |
|------------------------------------|--|--|--|
| | Cylindrical battery charging and discharging equipment | |  |
| Charging and discharging equipment | Charge and Discharge Equipment for Flexible Pack/Polymer Batteries | High Temperature Pressurized Jig Formation System |  |
| | | Flexible packages of powered components into a capacity all-in-one machine |  |
| | Square Battery Charging and Discharging Equipment | |  |

| | | |
|------------------------|--|---|
| Other equipment | Internal resistance and voltage automatic test equipment |  |
| | Grading machine |  |
| | Automatic loading and unloading machine |  |

(iii) Main business models

1. Research and development model

The company's product development is mainly based on order product design and development and new product development.

(1) order product design and development first by the customer to put forward the technical requirements, then the company arranged technical personnel and customers for technical communication, to understand the customer's production process and equipment requirements, the company's management personnel on the feasibility of research and development projects to assess the evaluation of the project passed by the project by the company and the customer to sign a technical agreement, and in accordance with the customer's requirements for product design.

Development is a key part of our business process because: (1) product delivery time determines product competitiveness to a certain extent. Since the industry is characterized by non-standardized production, higher R&D efficiency can enhance the competitiveness of the products; (2) Good design solutions can enhance the reliability of the products and keep the failure rate low, which are often the decisive factors in the purchasing decision process of the customers.

(2) New product development includes the development of new products for which sales contracts have been signed with customers and the development of the company's strategic R&D products. New product development by the Institute and the Sales Department in accordance with the annual strategic objectives or customer contract needs to jointly analyze the direction of product research and development, a clear new model of research and development product requirements, organized by the Institute to set up a special project team, the feasibility of the new project research and development, research and development cycle and cost, in the form of a project analysis report submitted to the relevant R & D institutions responsible for the general manager for approval of the R & D project, the R & D projects that have been passed are As a new product for research and development, the project team consists of research and development personnel, sales personnel, production personnel and financial personnel, etc., and adopts a parallel working method, which effectively improves the success rate of research and development, shortens the development cycle, and reduces the development cost.

For new product development, take the overall program design and review after the R & D project team to carry out structural design and review, in the key aspects of the process of the approval of the

appropriate personnel, the implementation of the rationalization of the process to ensure that the results of research and development in line with the company's technical requirements, and ultimately by the R & D, production, sales and other departments to discuss to determine the correctness of the specific institutional design and arrange for the production schedule, in order to ensure that the success of the development of products to improve the effectiveness of work and production efficiency. Work effectiveness and production efficiency.

2. Sales model

The company generally directly with the customer to sign a sales contract, according to the requirements of the contract for the development and design, procurement of raw materials and production of products, in the contract within the agreed period of time will be produced and sent to the customer and send personnel to install, debugging and to ensure that the customer trial run, the trial run at the end of the period of the customer acceptance of the product.

3. Procurement modalities

The company strictly follows the procurement process in raw material procurement, and conducts comprehensive consideration of the suppliers' product quality, delivery capability, service capability and price, and signs supply contracts with qualified suppliers after small-scale trial procurement.

The raw materials purchased by the company are mainly categorized into standard parts and non-standard parts. Standard parts are mainly all kinds of electronic components, electromechanical products, pneumatic components and mechanical parts, which the company purchases directly from manufacturers or from qualified agents and traders. For some imported standard parts, the company mainly signs procurement contracts with the first-class agents of foreign original factories in China, which ensures reliable quality and lower prices. Non-standard parts are mainly PCB boards, transformers, inductors and other non-standard products, as well as steel, aluminum and other materials.

II. Core Technology and R&D Progress

1. Core technologies and their sophistication and changes during the reporting period

The company adheres to the concept of technological innovation as the core competitiveness, since its establishment has been committed to the accumulation and development of technology related to lithium-ion battery post-processing, the company's 2022 and the first half of 2023 in the entire back section of the system for the preparation of the technology and the expansion of the application. At present, the company's main core technologies are as follows.

| Project category | Technical name | Issuer technology level | Core technology sources | Innovative approaches |
|--|--|---|--------------------------------------|-----------------------|
| 4680 All-in-One Power Supply Normalized Power System | ①High-precision charging and discharging performance indexes | ①Setting current range/resolution 0.1mA-50A/0.1mA ②Current accuracy/display resolution: $\pm 0.02\% \sim \pm 0.05\% \text{FSmA}/0.1\text{mA}$ ③ Setting charging voltage range/resolution: 0-5V/0.1mV; ④ Setting discharge voltage range/resolution: 1.5-5V/0.1mV; ⑤Voltage accuracy/display resolution: $\pm 1\text{mV}/0.1\text{mV}$ ⑥ Driving board charging and discharging efficiency: $\geq 90\%$ ⑦ Number of single charge/discharge channels: $n*16$ (n is the number of single boards, $n \leq 16$) | Independent research and development | Original innovation |
| | ②Integrated design for charge/discharge control | ①Digital inputs and outputs, dynamic configuration of analog inputs and outputs ②Negative pressure control software modularization | Independent research and | Original innovation |

| | | | | |
|--|--|--|--------------------------------------|---------------------|
| | | ③Dynamic control of battery temperature | development | |
| 4680 Tandem Formation and Separation Machine | ① Series-type charging and discharging technology; | ①Charging and discharging full load efficiency ≥ 85 ②Charging and discharging current accuracy of five ten thousandths ③Charging and discharging voltage accuracy of five ten thousandths of a degree ④Current response time 0-100% output, 30ms to 90% of the set current, current overshoot $\leq 1\%$ ⑤ Voltage line leakage current, power line leakage current $\leq 100\mu\text{A}$ ⑥ Current resolution 1mA ⑦ Voltage resolution 1mA | Independent research and development | Original innovation |
| | ② DC bus technology | Supports DC bus distribution | Independent research and development | Original innovation |
| DC Busbar Square Forming and Splitting Machine in one unit | DC busbar technology | ① 700VDC bidirectional DCDC module development; ② All-in-one power supply module development and upgrading; ③ DC bus all-in-one mode, charging efficiency is estimated to be 82%, discharging efficiency is estimated to be 80%. | Independent research and development | Original innovation |
| | Negative Pressure Integration Technology | 1. Constraint tray and negative pressure components integrated design; 2. Equipment power supply mechanism integrated design, space utilization rate increased by about 30%; | Independent research and development | Original innovation |

The R&D results obtained in 2023 are mainly reflected in the updating of the chemistry and capacitance equipment and power supply technology, and the successful product development of equipment such as the 4680 All-in-One Power Supply Normalized Power Supply System, the 4680 Tandem Chemistry and Capacitor Separation All-in-One Machine, and the DC Bus Square Chemistry and Capacitor Separation All-in-One Machine.

1) 4680 All-in-One Power Supply Normalized Power System

The integrated design of the control of the large cylinder 4680 eliminates the need for an independent PLC control system, which saves costs and makes the structural design more concise in the case of reduced hardware layout. In addition, the integrated charging and discharging equipment takes up less space, which means that more charging and discharging equipment can be placed in the same plant space for manufacturers, and the unit area generates higher economic benefits. The standardized and normalized design of the pin board components forms a series of standard channel components, which can flexibly meet the configuration requirements of 64CH/144CH/196CH/256CH for the whole system.

The following core indicators are achieved through innovation:

1. High-precision charging and discharging performance indexes
Current accuracy: $\pm 0.02\% \sim \pm 0.05\% \text{FS}$ (50A); Voltage accuracy: $\pm 0.02\% \text{FS}$ (5V).
2. Multiple working modes

Single-channel independent operation, non-interference between channels, constant current charging and discharging, constant voltage charging and discharging, pulse charging and discharging and constant power charging and discharging, etc.

3. Highly reliable security design technology

Avoid software crash resulting in charging and discharging abnormality; over-voltage, under-voltage, current charging and discharging over-current to realize dual protection of hardware and software; system abnormal power failure, gas cut protection, etc..

4. Driver board series design

As a standard component, key circuits are modularized and designed, such as power conversion module, charging and discharging control module, processor module, etc.. And form a series of standard modules, flexible to meet the system configuration requirements.

5. Needle plate assembly lightweight design

Combined with the needs of the whole system, it meets the system's requirements for the structural accuracy, strength and heat dissipation of the needleboard components.

Satisfy single-person maintainability requirements.

6. Charge and discharge control integrated design

Digital inputs and outputs, dynamic configuration of analog inputs and outputs

Negative pressure control software modularization

PID regulation of various physical quantities, dynamic control

7. High efficiency calibration system

Individual calibration systems based on needleboard components, fast parallel calibration of the entire system

Optimize the calibration process, realize the calibration of the needle plate components and the whole machine calibration normalization, avoid repeated calibration

8. High-voltage DC busbar discrete design

Realize DC bus DC350-800V power supply for driving board, charge and discharge the battery directly, reduce the loss of bus power supply at the input end, and improve the overall efficiency of the single board.

9. Charging and discharging fast switching, start shutdown

Charging and discharging start-up shutdown time is not more than 10ms; realize fast switching of charging and discharging, switching time is less than 20ms.

(2) 4680 Tandem Formation and Separation Integrated Machine

Series-type equipment improves the efficiency of battery charging and discharging while also ensuring the consistency of the current, to achieve a single cell does not flow smooth bypass, thus improving the yield rate of the battery; but also to achieve the process of production data monitoring, data integration and sharing to improve the user's operation of the executability of the operation, which helps to achieve a lower cost control.

1. In the test accuracy of the technical indicators are:

Charging and discharging full-load efficiency greater than 85%; charging and discharging current accuracy of five ten thousandths; charging and discharging voltage accuracy of five ten thousandths; current response time 0-100% output, 30ms to 90% of the set current, current overshooting $\leq 1\%$; leakage current voltage line, power line leakage current is less than 100 μA ; current resolution 1mA; voltage resolution 1mA.

2. Using digital power controller to realize the control of current and voltage.

3. The drive board using silicon carbide technology, compared with traditional materials, silicon carbide has higher thermal conductivity and higher energy density, can more effectively dissipate the heat inside the battery, thus reducing the switching loss, improve the safety performance of the drive board; also makes the drive board high-voltage resistance, can be applied to the higher switching frequency, improve the efficiency of the current output.

4. Stable communication within the system is realized through high-speed CAN bus communication.

3) DC busbar squareization and capacitance-splitting integrated machine

The high voltage DC bus charger/discharger system consists of PCS system, bidirectional isolated DC/DC module, non-isolated bidirectional DC/DC module and battery. When the whole system works, the PCS module takes power from the grid, converts the three-phase AC voltage into DC voltage to

supply power to the DC bus and stabilizes the voltage, the bidirectional isolated DC/DC module takes power from the DC bus, converts the bus voltage into low voltage to supply power to the non-isolated bidirectional DC/DC on the battery side; the non-isolated bidirectional DC/DC module takes power from the low-voltage DC bus to chemically capacitance the battery.

The use of DC busbar equipment to increase efficiency by 5-10 points and connect in parallel with the PCS energy storage system can significantly reduce the power allocation on the AC/DC side, directly reducing the project setup cost.

Adopting the one-piece model, it can effectively save space with the following specific features:

1. Developed a device with a tray's own negative pressure assembly;
2. A valve that can be automatically turned on and off to maintain pressure was investigated;
3. Equipment power supply mechanism integrated design, the program needs to comply with CE requirements, space utilization rate increased by about 30%;
4. High-temperature negative pressure into the environment does not control temperature, temperature control through hot water.
5. Negative pressure components and equipment separation mode, negative pressure does not need to do the process in a dry environment.

The Square Forming Machine has the advantages of self-control and self-control of the dew point, and has a power supply mechanism in one design.

National Science and Technology Award Winners

Applicable Not Applicable

Recognition of State-level Specialized, Specialized and New "Small Giant" Enterprises and Manufacturing "Single Champions"

Applicable Not Applicable

2. R&D results obtained during the reporting period

As of June 30, 2023, the company had 277 patents, including 28 invention patents, 245 utility model patents, 4 design patents, and 18 computer software copyrights. From January to June 2023, the company was authorized 5 invention patents and 15 utility model patents.

List of intellectual property rights acquired during the reporting period

| | New for this period | | Cumulative number | |
|------------------------|---------------------------|------------------------------|---------------------------|------------------------------|
| | No. of applications (pcs) | Number of acquisitions (pcs) | No. of applications (pcs) | Number of acquisitions (pcs) |
| Patents for inventions | 15 | 5 | 129 | 28 |
| Utility Model Patent | 30 | 15 | 312 | 245 |
| Design Patents | 0 | 0 | 4 | 4 |
| Software copyright | 0 | 0 | 18 | 18 |
| Others | 0 | 0 | 0 | 0 |
| Total | 45 | 20 | 463 | 295 |

Note: The above cumulative number of patents does not include the number of patents that expired during the reporting period.

3. Table of R&D investment

Unit: Yuan

| | Current period | Same period last year | Magnitude of change (%) |
|---|----------------|-----------------------|-----------------------------------|
| Expensed research and development investment | 124,320,990.17 | 106,681,084.46 | 16.54 |
| Capitalized R&D investment | | | |
| Total R&D investment | 124,320,990.17 | 106,681,084.46 | 16.54 |
| Total R&D investment as a percentage of operating revenue (%) | 5.86 | 5.46 | Increase of 0.4 percentage points |

| | | | |
|-------------------------------------|--|--|--|
| Share of R&D inputs capitalized (%) | | | |
|-------------------------------------|--|--|--|

Reasons for the significant change in total R&D investment from the previous yearApplicable Not Applicable**Reasons for the significant change in the proportion of R&D inputs capitalized and its justification**Applicable Not Applicable

4. Status of ongoing research projects

√Applicable □Not Applicable

Unit: Yuan

| No. | Item Name | Projected total investment size | Amount invested during the period | Cumulative amount invested | Progress or milestones | Proposed target | Technical level | Specific application prospects |
|-----|---|---------------------------------|-----------------------------------|----------------------------|---|---|--|---|
| 1 | Blade type lithium battery charger/dis charger | 12,000,000.00 | 7,381,299.90 | 7,381,299.90 | ①Updated to digital series power supply box supporting 240A ②Applicable to the latest energy storage battery production ③ Completed prototype performance testing ④Obtained orders for mass production, 0057/0058 in production and debugging | ①Complete project batch delivery, production and acceptance ② Verify the stability of digital series power bank | Updated to a digital power pack based on the original analog series power supply | Suitable for high current 200V series power packs. Provides basic technical support and test data for subsequent high-current storage batteries and tandem 4680s |
| 2 | 4680/95 Cylindrical lithium battery charging and discharging equipment (DC distribution system) | 6,500,000.00 | 6,435,316.27 | 6,435,316.27 | 1. 4680 single board initial version of the debugging is basically complete, 60% of the R & D progress; 2. The actual test series constant current and constant voltage work to meet the design ideas and needs; 3. The second generation of power supply box | 1. Charging and discharging equipment to achieve constant current, constant voltage mode of operation; 2. Charging and discharging full-load efficiency of 85% and above, the current and voltage accuracy of five ten | 1. The drive board using the latest silicon carbide technology, single-board power input can withstand 350V high voltage, the size can be made more compact, to meet the same rack multi-bay structure, improve customer productivity, cost savings; 2. Currently in the industry tandem-type | 1. In the Tesla big push 4680 battery, domestic and foreign battery companies are also accelerating 4680/95 series battery R & D, expanding production capacity, market demand has increased dramatically, application scenarios are broad; according to industry forecasts, 4680/95 series batteries are expected to become the standard model of cylindrical power battery. |

| | | | | | | | | |
|---|---|---------------|---------------|---------------|--|--|---|---|
| | | | | | components to improve the design of the program began to plan. | thousandths of a percent; 3. Compared with the 4680 parallel-type equipment to save at least 5% of the cost; 4. The complete state of the equipment, the technical status of the security measures to meet the customer's needs. | equipment manufacturers are few to reach this level. | |
| 3 | Water-cooled integrated charger/dis charger for large cylindrical lithium batteries | 20,000,000.00 | 10,507,820.56 | 10,507,820.56 | Second-generation prototype development completed; technical specifications achieved; customer approval obtained. | 1. Temperature uniformity meets $\pm 3^{\circ}\text{C}$; 2. Apply digital circuit. 3. Volume reduction of more than 35%. 4. Adopting DC bus program for efficiency improvement. | The 4680 large column has entered the mass production stage and reached the industry leading level. | 4680 is a cylindrical new product proposed by Tesla. At present, the market is widely used to develop and promote the product. The market prospect is broad, is the subsequent mainstream product direction. |
| 4 | Large cylindrical open type negative pressure lithium battery formation equipment | 20,000,000.00 | 10,316,835.27 | 10,316,835.27 | 1.4680 prototype completed, the current batch equipment has been delivered to the customer, the daily output of about 2,000 cells; 2.4680 large cylindrical project digital circuit style | 1: Negative pressure formation equipment negative pressure to meet -85Kpa, pressure leakage rate $\leq 0.3\text{KPa}$. 2: Negative pressure formation equipment, | The 4680 large cylinders have entered the mass production stage to meet customer demand and reach the industry leading level. | At present, there are already domestic pilot line and production line at the customer to use this type of equipment, followed by more applications of this type of equipment production line, the future to follow the customer into the U.S. market. |

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|---|--|---------------|---------------|---------------|---|--|---|--|
| | | | | | prototype equipment installation and testing. | vacuum pumping speed of 16s. 3: water-cooling equipment, water-cooled integrated machine mode, the battery temperature uniformity ± 3 . 4: Measured charging and discharging efficiency $\geq 80\%$. | | |
| 5 | Soft pack lithium battery up and down mode storage type separation equipment | 25,000,000.00 | 13,994,248.24 | 13,994,248.24 | <ol style="list-style-type: none"> 1. Currently has passed the United States UL certification audit. pls safety certification assessment. 2. The equipment has been mass-produced, and the performance and precision of the equipment have reached the expected requirements of the design. 3. August began to enter the mass production equipment acceptance. | <ol style="list-style-type: none"> 1. Completion of equipment UL certification and safety certification requirements. 2. Through the design optimization, process improvement, equipment comprehensive cost reduction of 10%. 3. Improve the standardization rate of equipment components. 4. Complete the acceptance and shipment of the project according to the node. | <ol style="list-style-type: none"> 1. Charging and discharging equipment completed UL certification and safety assessment for the first time. 2. The number of single fixture channels is increased to 120CH, which provides the utilization rate of the storage space and reduces the cost significantly. 3. Safety class design application, equipment safety level up to PLD. | HangKe chargers and dischargers are exported to the United States for the first time in batch, which generates a lot of economic benefits and at the same time comprehensively improves HangKe's design standards in UL and safety. It paves the way for more orders in the U.S. market. |

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| 6 | Square lithium battery integrated series constant voltage charger/discharger | 28,000,000.00 | 15,362,419.94 | 15,362,419.94 | All testing has been completed and meets the expected set objectives | <ol style="list-style-type: none"> 1. Conductor minimization design, reduce wire loss, improve efficiency of about 10-15%; 2. Equipment small integrated design, space utilization increased by about 30%; 3. The needle bed as a whole can be pulled out of the maintenance program, to ensure rapid maintenance; 4. The use of servo motors as the driving force, to achieve the battery length and width of fully automatic change function. | There is no similar product in the country for the time being, and it is the leading level in the industry. | The equipment is oversized pallet charger/discharger, the pallet reaches 1.5m*1.5m, which is the future trend of large capacity, and has been recognized by the first-line overseas customers. |
| 7 | Square lithium battery hydrothermal mode integrated chemical sub-capacitor equipment | 23,000,000.00 | 12,673,295.38 | 12,673,295.38 | <ol style="list-style-type: none"> 1. The completion of the preliminary design program; 2. Hydrothermal restraint trays to complete the verification | <ol style="list-style-type: none"> 1. Temperature heating uniformity meets $\pm 3\text{ }^{\circ}\text{C}$; 2. Water circulation without leakage risk; 3. Water temperature mixing control output; 4. Cancel the | Currently in the experimental verification stage, mass production application feasibility assessment; a new heating charging and discharging mode | For overseas can not be implemented in the mode of high-temperature room, high-temperature negative pressure can be realized into; greatly reduce the cost of energy consumption and use; at the same time, reduce the cost of plant construction; |

| | | | | | | | | |
|---|--|---------------|--------------|--------------|---|--|--|---|
| | | | | | | construction of high-temperature room. | | |
| 8 | Flexible lithium battery with airbag fixture machine | 17,000,000.00 | 9,030,399.75 | 9,030,399.75 | 1. The prototype has completed the factory function test, and has been sent to South Korea Fuyu factory with the customer for DOE test; 2. The batch equipment customers are currently in the first batch of 4Line FAT acceptance work. | 1. Airbag pressure stability upgrade; 2. Temperature and pressure correction can be tested and compensated automatically. | We have completed mass production and customer FAT acceptance, and only a very few companies in the industry can reach this level. | It has been recognized by customers in several overseas projects and gradually started to disclose deliveries. |
| 9 | Modular design water-heat temperature control type fixture machine | 15,000,000.00 | 7,548,811.48 | 7,548,811.48 | 1. the project is in the DR stage, the current design review with the TUV agency, for the entire production line to prepare for UKCA certification; 2. Compared to the previous project, some of the products have reached a price reduction of more than 30%, most of the parts have a price reduction of about 10%; 3. The current order of the jig and drive box drawings,, jig on the parts of 123 kinds, standardized in 100 | 1.Complete the UKCA certification of the entire production line; 2.Through process design improvement and centralized bidding overall cost reduction to reach more than 10%; 3.Simplify the design, standardization rate of more than 60%; 4.Use the factory centralized water supply, and the chiller for heat | 1. The first time to do UKCA certification project; 2. The first time to use the factory centralized water supply for heat exchange mode, involving pipeline design; 3. LPM equipment in the industry on the production of Hangzhou, competitors do not have this kind of product; | 1. Designed as a standardized production line, it can be copied to many projects in Europe, America, Japan and Korea; 2. Newly opened molds on the project as well as refined and simplified designs can be applied to all jig machine projects; 3. Through centralized bidding, the prices of many products have been adjusted downward to a greater extent, and other items can also enjoy this preferential price; |

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|----|--|---------------|--------------|--------------|---|--|---|---|
| | | | | | kinds of open-molded parts of 22 kinds, the Standardization rate of 81%, 18% of the open mold rate; 4. Complete the design of the water pipeline, and in the prototype for testing and improvement, according to the process of step current size, automatically adjust the temperature settings of the chiller; | exchange, control the temperature of the jig to save energy, according to the process of the step of the size of the current, the automatic adjustment of the chiller's temperature settings; 5.The LPM to add Positioning function to realize accurate testing of puncture and insulation impedance; | | |
| 10 | Robot loading and unloading with negative pressure forming and degas function fixture machine. | 16,000,000.00 | 8,510,445.13 | 8,510,445.13 | 1. Robot loading and unloading has been completed research and development. 2. With degas prototype is being tested to improve, overseas customers have been to the company to test, put forward a few points to improve the views, is currently being improved. | 1. Sealing temperature control 180-200 degrees, and a minute from room temperature to heating temperature; 2. The main circuit pressure 0 - 1Kpa, bypass pressure - 50Kpa or more; 3. Clip spacing control in 37 ± 1 mm | Smaller channel spacing and faster temperature rise times, reaching industry-leading levels | 1.Robot loading and unloading overseas customers are more interested in, is expected to follow up orders 2. Jig degas function proposed by the customer, has been docking to promote, follow-up is expected to obtain the order. |
| 11 | Intelligent platform for | 16,000,000.00 | 8,639,157.28 | 8,639,157.28 | 1. The current project development is | 1.The project is to build a digital and | At present, the system in the lithium | The project is already live at the customer site and will be |

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|--|---|--|--|--|--|---|---|---|
| | lithium battery chemistry production system | | | | <p>basically complete, equipment performance, equipment state development is complete, OEE, MTBF, MTTR and other calculation model development is complete, and in the customer site verification is complete;</p> <p>2. Process route integration logistics to achieve product compliance production process control. The project will be on-line at the customer site to do the whole life cycle of the product.</p> <p>3. Mainly including production control module, equipment management module, process management module, monitoring module, data analysis and intelligent BI module.</p> | <p>intelligent information system based on the full manufacturing execution of the rear section of the battery production, to solve the various business needs of the rear section of the production process, and to open up the information flow of the peripheral systems.</p> <p>2. Specifically in the integrated management of the equipment integration, monitoring, analysis and other space to the customer to bring the actual production efficiency.</p> <p>3. The rear section as the basis for the eventual realization of a lithium-ion power production cycle</p> | <p>production of lithium production after the production of intelligent management and control and other information systems have reached the level of the industry, some business control module has been ahead of the industry. Such as production, control, scheduling, analysis, distribution, storage governance and other integrated integration direction.</p> | <p>live at several customers; the over-planned version is applied to all lithium-ion factories or production lines.</p> |
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|----|---|--------------|--------------|--------------|---|--|--|---|
| | | | | | | covering the whole of an intelligent Manufacturing execution system. | | |
| 12 | 4680 All-in-One Normalized Power System | 7,000,000.00 | 3,876,936.32 | 3,876,936.32 | <p>1.Completion of digital and analog all-in-one pin board 8CH/12CH/14CH/16 CH hardware and structure series design, and production of the corresponding pin board prototype</p> <p>2.Completion of digital and analog upper and lower computer software, driver board software normalization design, different board types quickly adapted to the</p> <p>3.Completion of the single board, the pin board function, performance testing, and improve the production data and engineering applications related documents</p> <p>4.For typical customer Carry out prototype testing, and reliability, stability verification.</p> | <p>1. Through the modularization of hardware and software, standardized design, can quickly adapt to the requirements of various projects</p> <p>2. To enhance the charging and discharging efficiency, reduce the size of the equipment, and reduce the cost of the equipment</p> <p>3. Good ventilation design, to enhance the uniformity of the battery temperature</p> | The reliability, stability, safety, maintainability, flexibility, cost-effectiveness, precision and efficiency of the equipment have all reached the industry's leading level. | Widely used in 4680 large cylindrical chemical composition process, the market prospect is broad, is the subsequent mainstream product direction. |
| 13 | Research | 10,000,0 | 5,523,089. | 5,523,089. | 1. Water-cooled all- | 1. Provide | 1. To meet the | Widely used in a number of |

| | | | | | | | | |
|----|---|--------------|--------------|--------------|---|---|--|---|
| | on optimizing temperature uniformity of all-in-one machine based on thermal simulation technology | 00.00 | 26 | 26 | in-one solution and air-cooled all-in-one solution are planned to be applied on the prototype of new overseas customers; 2. Rectified air-cooled all-in-one machine enters into the temperature control test stage; 3. Machined tray with good heat dissipation performance enters into the verification stage; | different solutions according to different customer needs, can provide water-cooled all-in-one solution, air-cooled all-in-one solution; 2. Solve the 4680 large cylindrical movement of the largest frame (256CH) temperature control technology, trade-off between the strength of the movement mechanism and the performance of heat dissipation and ventilation; 3. Abstract the tray thermal performance of the technical characteristics of the tray, the design of a well ventilated machining pallet; | requirements of mass production; 2. The level of temperature control technology reaches the leading level in the industry; | all-in-one project prototypes of customers at home and abroad, with a broad market prospect. |
| 14 | Fully automated veneer production test system | 8,000,000.00 | 4,520,915.39 | 4,520,915.39 | 1. Automatic test tooling program design is completed; 2. Automatic test tooling development | Realize fully automated production testing of hardware veneer, improve | Fully automated testing, avoiding manual intervention, while outputting test results and generating reports; | Recent: Production testing of machine cage boards; Long-term: production testing of all hardware boards |

| | | | | | | | | |
|-------|---|----------------|----------------|----------------|--|--|---|---|
| | | | | | and debugging is completed, including structure, hardware, software; | production efficiency and increase product throughput rate | | |
| Total | / | 223,500,000.00 | 124,320,990.17 | 124,320,990.17 | / | / | / | / |

5. Research and development personnel

Unit: RMB 10,000 Currency: RMB

| Basic Information | | |
|--|----------------|-----------------------|
| | Current period | Same period last year |
| Number of R&D personnel in the company (persons) | 1,078 | 886 |
| Number of R&D personnel as a percentage of total company headcount (%) | 23.22% | 20.58 |
| Total R&D staff remuneration | 8,801.72 | 6,445.81 |
| Average salary of R&D staff | 8.16 | 7.28 |

| Educational attainment | | |
|---|------------------|----------------|
| Academic composition | Number (persons) | Proportion (%) |
| PhD | 0 | 0 |
| Master's degree | 30 | 2.78 |
| Bachelor | 571 | 52.97 |
| Specialized training school | 394 | 36.55 |
| High school and below | 83 | 7.70 |
| Total | 1,078 | 100 |
| Age structure | | |
| Age range | Number (persons) | Proportion (%) |
| Under 30 years of age (not including 30 years of age) | 807 | 74.86 |
| 30-40 years old (including 30 years old and excluding 40 years old) | 225 | 20.87 |
| 40-50 years old (including 40 years old, excluding 50 years old) | 41 | 3.80 |
| 50-60 years old (including 50 years old and excluding 60 years old) | 5 | 0.46 |
| 60 and over | 0 | 0 |
| Total | 1,078 | 100 |

6. Other notes

Applicable Not Applicable

III. Analysis of core competencies during the reporting period

(i) Core Competitiveness Analysis

Applicable Not Applicable

1.Core technology advantage

The company takes technology and R&D as its core competitiveness, and has been committed to the accumulation and development of technologies related to lithium-ion battery post-processing since its establishment. At present, the company's main core technologies are as follows.

| Project category | Technical name | Issuer technology level | Core technology sources | Innovative approaches |
|---|--|--|--------------------------------------|-----------------------|
| 4680 All-in-One Power Supply Normalized Power | ①High-precision charging and discharging performance indexes | ①Setting current range/resolution 0.1mA-50A/0.1mA ②Current accuracy/display resolution: | Independent research and development | Original innovation |

| | | | | |
|--|--|--|--------------------------------------|---------------------|
| System | | $\pm 0.02\% \sim \pm 0.05\% \text{FSmA} / 0.1\text{mA}$ ③ Setting charging voltage range/resolution: 0-5V/0.1mV ④ Setting discharge voltage range/resolution: 1.5-5V/0.1mV ⑤ Voltage accuracy/display resolution: $\pm 1\text{mV} / 0.1\text{mV}$ ⑥ Driving board charging and discharging efficiency: $\geq 90\%$ ⑦ Number of single charge/discharge channels: $n * 16$ (n is the number of single boards, $n \leq 16$) | | |
| | ② Integrated design for charge/discharge control | ① Digital inputs and outputs, dynamic configuration of analog inputs and outputs ② Negative pressure control software modularization ③ Dynamic control of battery temperature | Independent research and development | Original innovation |
| 4680 Tandem Formation and Separation Machine | ① Series-type charging and discharging technology; | ① Charging and discharging full load efficiency ≥ 85 ② Charging and discharging current accuracy of five ten thousandths of a degree ③ Charging and discharging voltage accuracy of five ten thousandths of a degree ④ Current response time 0-100% output, 30ms to 90% of the set current, current overshoot $\leq 1\%$ ⑤ Voltage line leakage current, power line leakage current $\leq 100\mu\text{A}$ ⑥ Current resolution 1mA ⑦ Voltage resolution 1mA | Independent research and development | Original innovation |
| | ② DC bus technology | Supports DC bus distribution | Independent research and development | Original innovation |
| DC Busbar Square Forming | DC busbar technology | ① 700VDC bidirectional DCDC module development; | Independent research and development | Original innovation |

| | | | | |
|--|--|--|--------------------------------------|---------------------|
| and Splitting Machine in one unit | | ②All-in-one power supply module development and upgrading; ③ DC DC bus all-in-one mode, charging efficiency is expected to be 82% and discharging efficiency is expected to be 80%. | | |
| | Negative Pressure Integration Technology | 1.Integrated design of detention tray and negative pressure components; 2.Equipment power supply mechanism integrated design, space utilization rate increased by about 30%; | Independent research and development | Original innovation |

2. Advantage of R&D mechanism and technology innovation mechanism

The Company's existing R&D system has the ability to sustain innovation and a mechanism for continuous technological innovation. In order to safeguard and enhance the core competitiveness of the Company and to continuously improve the technological level and R&D strength of the Company, the Company has introduced the following major measures: adopting the "Design and Development Control Procedures" in the ISO9001 quality system as the working standard of the R&D department; the Company has signed the "Departmental Annual Contracts" with the research institutes, which specifies in detail the basic annual objectives and incentive objectives; and has signed the "Confidentiality Agreements" with all the technicians to prevent the leakage of the Company's technological secrets. Confidentiality Agreement" with all technicians to prevent the leakage of the company's technical secrets.

①Accurately grasp the market demand - product development on demand

As lithium-ion battery reprocessing systems are basically customized systems, differences in battery type, anode and cathode material systems, plant conditions, automation degree, investment budget scale and end-use applications of lithium-ion batteries will all affect the design details of the reprocessing system. The R&D centers of each institute have specific product directions and customer groups, therefore, the institute starts to intervene in the negotiation at the early stage of the project contact, to directly understand the customer's needs and concepts, to accurately grasp the segmentation characteristics and needs of the specific project, and to make the best solution on the basis of satisfying the customer's needs and combining with the characteristics of the company's product line. The Institute's responsibilities cover the entire process of initial technical communication, development of technical solutions, determination of technical agreements, design, product manufacturing, on-site installation and acceptance. Through the product on-demand development, the development of the project are targeted. At the same time, direct technical intervention throughout the process minimizes project risks and shortens the project execution cycle to maximize execution efficiency.

② Leading the market trend - standardized and universal design

Different customers or the same customer at different times, their demand for products are discrete and personalized information, the R & D department through the generalization, collation and analysis of the situation of each project, to get a number of common characteristics of the information and the future direction of technological development, combined with the use of the product information feedback, as well as the long-term accumulation of technology and the demand for the future section of the judgment, and continue to carry out the standardization of the product and the generalization of the design. The design will eventually form a design system that contains a large number of standard components and can be flexibly customized, which not only meets the requirements of mass production and manufacturing, but also achieves cost control and shortens the delivery cycle.

③Key Account Prioritization Strategy - Staying at the forefront of technology

The company has been pursuing the strategy of prioritizing large customers, and has established

close cooperative relationships with first-class domestic and foreign battery manufacturers (LG, SK, Samsung, Panasonic, EVE Energy, BYD, etc.). These global first-class battery manufacturers, leading the highest level of lithium-ion battery production technology, for these companies to carry out equipment supporting, despite the challenges of high requirements and difficulties, but since its cooperation with the experience of the company's design, manufacturing, service and other aspects of the concept and awareness of the company has a great impetus to promote the improvement of the company's business, so that the company is always at the forefront of technological development, and also develop the company's global vision. It has also opened up the company's global vision.

④ Internal incentives - management by objectives

At the beginning of each year, the company determines the performance target with each institute and signs the Contract Letter, in which the bottom line target and reward target are set for the sales performance of products, technological progress and team building. Each institute carries out independent performance accounting, which plays an effective role in motivating the innovation enthusiasm of the institute.

3. Market Advantage

The company has gradually gained customer recognition by virtue of product design that meets customer needs, advanced technology advantages, stable and reliable product quality, and excellent after-sales service. In the field of consumer electronics, we have high-quality customer resources, including Samsung of Korea, LG of Korea, Murata of Japan, Everest Lithium, Xinwanda, etc. In the field of power battery, we have high-quality customer resources, such as LG of Korea, SK of Korea, BYD and Guoxuan Hi-tech. With the wave of electrification to Europe, the United States and India and other emerging markets, the international first-tier lithium-ion battery manufacturers have been in the United States, Europe and other international markets to put forward the expansion plan, the company as a leading technology and has a large-scale production and manufacturing capacity, globalization and configuration capacity of the lithium battery reprocessing system suppliers, with years of globalization and development experience, the layout of the overseas market and the basis of capacity building, the future is expected to further development in the future.

4. The advantage of production scale

The company has always adhered to the production route of large-scale self-manufacturing. The self-manufacturing rate is comparatively high. As of the end of the reporting period, the company has six factories in China (including the sixth factory under construction), with a floor area of about 550,000 square meters, and has invested in the construction of a Korean factory and a Japanese factory in overseas countries. The Japanese factory is located in Osaka, which is mainly used to cope with the small-scale demand of customers; the Korean factory is located in Buyeo County, which is mainly used to face the demand of the expansion of the production of the Korean customers in the U.S. market. By building factories in Japan and South Korea, the company can not only increase the scale of production capacity, but also get closer to the needs of customers, maintain closer communication with customers, and consolidate and enhance the company's advantageous position in the major customers. The company's advantage of large-scale production capacity at home and abroad is conducive to undertaking large-scale customer orders, and at the same time brings about a scale effect, which is conducive to reducing production costs.

5. Team Management Advantage

Since its establishment, the company has been focusing on the reserve of talents and the innovation of management system, the company's board of directors and management members, generally have many years of experience in the industry or many years of financial and management experience. The company actively implements the "people-oriented" talent development strategy and builds a harmonious team. On the one hand, the company adopts internal training to improve the skill level of employees; on the other hand, the company makes full use of various channels to attract high-end talents, and continuously expands and cultivates the backbone team. The company's key management personnel have rich management experience and industry experience, and are able to quickly grasp the industry development trend and formulate corresponding business strategies to enhance the company's overall operating ability. Through years of operation, the Company has cultivated a technical research and development team with a high overall level, and no significant changes have occurred in the relevant core technical personnel during the reporting period. The company's technology research and development work is always in a virtuous circle, effectively accelerating the process of transforming technical achievements into productivity and expanding the company's profit growth point.

(ii) Events occurring during the reporting period that caused the Company's core competitiveness to be seriously affected, analysis of the impact and response measures

Applicable Not Applicable

IV. Discussion and analysis of the business situation

In the first half of 2023, the company's performance grew steadily, realizing an operating income of RMB 2,120,914,382.58, an increase of 8.47% year-on-year, and a net profit of RMB 475,631,938.78, an increase of 97.13% year-on-year, and its operating performance maintained a healthy development trend. During the reporting period, the company continued to focus on its main business, increased R&D efforts, promoted the updating and iteration of lithium-ion battery post-processing system equipments, launched back-channel equipments applicable to 4680 large cylindrical batteries in the face of changing customer demands, actively adjusted its strategy according to the market situation, and unswervingly pursued the globalization development strategy.

1. Increase R & D efforts to maintain technological advantage

The company has always taken technological innovation as the driving force for development, and has continuously strengthened its investment in R&D. The company has set up a technology center with a basic technology research institute. The company set up a technology center, under which the Institute of Basic Technology is engaged in the research and development of basic technology and the construction of the underlying architecture, and a product center is set up to conduct targeted research and development of products according to the three types of batteries, namely cylindrical, square, and soft-packed, to meet the needs of customers in terms of specific products. During the reporting period, the company's R&D personnel amounted to 1,078, accounting for 23.22% of the company's total headcount. R&D expenses amounted to RMB124,320,990.17, representing an increase of 16.54% over the same period of the previous year. The R&D achievements obtained during the reporting period were mainly reflected in the updating and modernization of chemical and capacitorization equipment and power supply technology, and the successful product development of equipment such as 4680 all-in-one power supply normalized power supply system, 4680 tandem chemical and capacitorization all-in-one machine, and DC bus square chemical and capacitorization all-in-one machine. The company has always been to achieve customer-first values, to solve customer demand-oriented, closely follow the first-line customers, and timely meet customer product updates and technology upgrades.

2. Firmly develop the route and promote the global layout

In the first half of 2023, the market demand was strong, and the new orders received by the company increased significantly compared with the same period last year, especially the orders from overseas customers increased significantly. The Company has always adhered to the development route of globalization, placing equal emphasis on both domestic and overseas customers, while focusing according to the market situation to ensure the sound operation of the Company and avoid being seriously affected by industry fluctuations. During the reporting period, domestic and overseas customers have accelerated their overseas layout, especially setting up factories in the two emerging markets of Europe and the U.S.A., which may bring a large amount of equipment demand in the future. The Company has followed the footsteps of its customers, increased the investment of personnel in the major markets of Europe and the U.S.A., and pushed forward the construction of the factories in South Korea and Japan, and through the above initiatives, built up its overseas bases, maintained closer contact with its customers, and strengthened the competitiveness of the Company's global market.

3. Successful issuance of GDR and promotion of brand internationalization

In February 2023, the company successfully completed the GDR issuance and listing on the SIX Swiss Exchange, raising USD173 million, becoming the first company to successfully issue GDRs on the Science and Technology Innovation Board (STIB). The funds raised from this GDR issuance are mainly used for production capacity expansion, overseas marketing network construction and R&D investment, the successful implementation Where will be conducive to promoting the internationalization of the brand, enhancing the overseas influence, strengthening technological innovation, upgrading the level of research and development, and consolidating and enhancing the company's global leading position in the industry of lithium-ion battery post-processing systems.

Significant changes in the Company's operating conditions during the reporting period, as well as matters occurring during the reporting period that have had a significant impact on the Company's operating conditions and are expected to have a significant impact in the future

Applicable Not Applicable

V. Risk Factors

Applicable Not Applicable

1. Risk of technology and product substitution

The post-processing system equipment developed and produced by the company is based on electrochemical principles and applied to the production of various types of nickel-metal hydride, lithium-ion and other rechargeable batteries. Fuel cell is a kind of chemical device that converts the chemical energy possessed by fuel directly into electric energy, as another new energy battery, which is essentially a primary battery and has its own advantages compared with lithium-ion battery, both sides belong to the relationship of coexistence and complementarity, and its industrialization still needs a long time. In the predictable future, the development of rechargeable batteries will still be based on electrochemical principles, the application of new materials, new technologies and new processes, in terms of volume, weight, capacity, cost, safety and other aspects of seeking breakthroughs. However, if:

(1) The Company's post-processing system may not be able to adapt to a fundamental change in the operating principle of rechargeable batteries, which creates a significant difference between, for example, a gasoline engine and an electric motor;

(2) In the post-processing system, the application of new materials, technologies and processes has led to localized changes in the production of rechargeable batteries. If the company fails to lead or follow closely the trend of technology and process development in the research and development and application of post-processing system, it will be in an unfavorable position in the market competition.

(3) Fuel cell application technology, conversion efficiency, production costs have a revolutionary breakthrough, and rechargeable batteries have a significant substitution effect, the company is in the lithium-ion battery equipment manufacturing industry will face a decline.

2. Risk of decline in gross profit margin of main products

The company's main product lithium-ion battery production line after-treatment system is the main source of the company's operating income. As the products are customized production, at the same time the company's products in the technical level, reliability and other aspects of the core competitiveness of the company has a strong, and thus has been to maintain a high gross margin of the main business. However, on the one hand, with the large-scale application of lithium-ion batteries and large-scale production, lithium-ion batteries, there is a gradual reduction in the cost of selling price pressure, and lithium-ion battery manufacturers, but also inevitably will reduce the cost of the pressure to be transferred to a part of the upstream equipment suppliers; on the other hand, lithium-ion batteries large-scale application of the large-scale production of lithium-ion batteries brought about by a large number of needs for production equipment, but also to stimulate the industry's development, and there are constantly On the other hand, the large demand for lithium-ion battery production equipment caused by the large-scale application of lithium-ion batteries has also stimulated the development of the industry, and there are constantly new manufacturers entering the field of post-processing systems, which has led to increasing competition. As a result, the Company's main products are always under pressure from market competition and customers' requests for price reductions, which may lead to a decrease in orders for the Company's main products or a further decline in gross profit margin if the Company is unable to maintain the competitive advantages it has already achieved and further improve its cost control capabilities. In addition, the Company has gradually started to sell fully automated reprocessing system production lines to its customers in the form of an integrator since 2016, and some of the orders may contain outsourced automated logistics line products, which may also pull down the Company's gross profit margin on sales.

3. Risk of uneven distribution of operating results

The Company's products are highly customized products, which require installation, commissioning and trial production, and can only be recognized as revenue upon acceptance by the customer after being able to satisfy the customer's production requirements in a stable manner, with a long time interval between shipment and acceptance. Although the overall acceptance cycle can be estimated to be around 9 months to 1 year based on past experience, the actual acceptance point of each batch of products cannot be accurately estimated due to the different products, customers and acceptance conditions of

each order, which may result in uneven distribution of revenue and performance throughout the year. Meanwhile, data for the first quarter of each year is usually slightly lower than the operating results for other quarters due to factors such as the Chinese New Year holiday.

4. Risk of higher customer concentration

The Company's customers are mainly well-known lithium-ion battery manufacturers such as Samsung of Korea, LG of Korea, SK of Korea, Sony of Japan (now Murata of Japan), EVE Energy, BYD, GXG, etc., and the main customers are relatively concentrated. The Company's sales revenue to its major customers accounts for a high proportion of its main business revenue, and if the operating conditions of some of its customers are unfavorable, or if the demand for the Company's products is substantially reduced, the Company's operating results will be adversely affected.

5. Risk of exchange rate fluctuations

A portion of the Company's sales revenue is derived from export sales, which are mainly denominated in U.S. dollars, euros and Japanese yen, and therefore exchange rate fluctuations, in particular the appreciation of the RMB, will have a certain impact on the Company's financial position. If the exchange rate of RMB continues to appreciate, on the one hand, an increase in the price of export products denominated in foreign currencies will affect the competitiveness of the Company's export products in the market, and there is a risk of loss of customers or transfer of orders to other countries; on the other hand, the assets held by the Company in foreign currencies due to export will depreciate as a result of the appreciation of RMB, which will affect the operating profit.

6. Customer acceptance risk

The lithium battery reprocessing equipment industry in which the Company is located mainly recognizes revenue by equipment acceptance, and according to past experience, the overall acceptance cycle can be estimated to be generally from 9 months to 1 year or so, but due to the equipment installation and commissioning time of some of the downstream customers and their operating conditions and financial conditions, the said cycle may be extended to more than 1 year. In the event of severe fluctuations in the industry in the future, some of the downstream lithium battery manufacturers with low start-up rates or in a state of closure, and a significant drop in operating results and financial constraints may delay or refuse to accept the equipment, and part of the Company's revenues may not be recognized, which will have a material adverse impact on the Company's results of operations.

7. Lithium-ion battery industry fluctuation risk

During the reporting period, the profit of the Company's main business mainly came from the lithium-ion battery production line reprocessing system, and the Company's customers were mainly well-known domestic and foreign lithium-ion battery manufacturers. In recent years, with technological advances and national policies to vigorously promote the lithium-ion battery in the consumer electronics products continue to upgrade, new energy vehicles continue to popularize the situation, lithium-ion battery demand is growing rapidly. In this context, lithium-ion battery manufacturers continue to expand production capacity, new or remodeled lithium-ion battery production line, which led to a high growth in demand for post-processing system-related equipment. In the future, with the gradual replacement of traditional cars by new energy vehicles, the demand for consumer electronics products is rising steadily, and the application of lithium-ion batteries in energy storage is also promising, so in the long run, the production capacity of lithium-ion batteries will still be further expanded, and the demand for equipment related to the reprocessing system will also remain high. But with the growing maturity of the market, the Chinese government subsidies for new energy vehicles are also corresponding to the structural adjustment, the next few years of low electric energy density, range performance is poor, technologically backward new energy vehicle manufacturers to obtain government subsidies will decline significantly, power lithium-ion battery industry will be structural adjustments, industrial concentration is increasing, and there are already some domestic power battery producers production capacity Utilization rate is low, low-end excess capacity, capital turnover is more difficult situation. If the domestic new energy vehicle manufacturers appear large-scale stagnant sales, the domestic lithium-ion battery manufacturers capacity utilization rate continues to be low, capacity expansion continues to reduce, and the company's development of overseas power battery manufacturers is not effective, the company's future sales revenue faces the risk of decline.

8. Risk of international political and trade changes

The Company's major foreign customers include Samsung (South Korea), LG (South Korea), SK (South Korea), and Sony (now Murata (Japan)), while some of them have set up factories in the United States, Europe, Southeast Asia and other markets. Therefore, changes in relations between China and South Korea, China and Japan, and China and the U.S. may result in a reduction or even interruption of

the Company's cooperation with several of these customers, which will likely have an adverse effect on the Company's operating results. With the emergence of the U.S. and European markets, changes in the relationship between China and the U.S. and China-European countries may have an impact on the Company's development of the U.S. and European markets and business development. In addition, some of the Company's electronic components are also procured from abroad. China and the United States are currently engaged in a trade dispute and have responded to each other by imposing tariffs, etc. If the trade dispute expands in the future and affects the trade policies of Japan, South Korea, and other countries towards China, it may likewise adversely affect the Company's operating results.

VI. Major operations during the reporting period

The company realized operating income of 2.121 billion yuan, an increase of 8.47% over the same period of the previous year; realized net profit attributable to shareholders of listed companies of 476 million yuan, an increase of 97.13% over the same period of the previous year; and net cash flow from operating activities was 149 million yuan, a decrease of 54.65% over the same period of the previous year.

(i) Main business analysis

1 Analysis of changes in the financial statements by relevant accounts

Unit: Yuan Currency: RMB

| Items | Current period | Same period last year | Percentage change (%) |
|--|------------------|-----------------------|-----------------------|
| Revenues | 2,120,914,382.58 | 1,955,223,362.80 | 8.47 |
| Business costs | 1,278,904,889.62 | 1,355,371,144.59 | -5.64 |
| Sales expense | 57,012,231.55 | 50,772,190.73 | 12.29 |
| Overhead | 121,571,550.43 | 181,249,207.04 | -32.93 |
| Financial cost | -129,921,885.06 | -23,020,752.03 | 464.37 |
| R&D costs | 124,320,990.17 | 106,681,084.46 | 16.54 |
| Net cash flows from operating activities | 149,304,544.96 | 329,210,530.04 | -54.65 |
| Net cash flows from investing activities | -392,145,375.18 | -267,731,144.50 | 46.47 |
| Net cash flows from financing activities | 1,033,290,833.63 | -72,596,699.91 | -1,523.33 |

Reasons for changes in operating income: mainly due to the rapid development of the lithium industry, the company's business also increased, the corresponding sales revenue grew steadily.

Explanation for changes in operating costs: mainly due to the company's rapid expansion of production capacity, in the scale effect brought about by the expansion of production capacity, the company's cost control ability to further improve the gross profit margin of the product gradually rebound.

Description of changes in selling expenses: Mainly due to the expansion of business scale and increase in expenses such as salaries and travel expenses.

Reasons for changes in administrative expenses: Mainly due to the decrease in share-based payment expenses during the period.

Description of changes in finance costs: Mainly due to the impact of foreign currency exchange rates, resulting in a large exchange gain during the period.

Description of changes in R&D expenses: Mainly due to the increase in R&D projects and personnel, resulting in an increase in employee remuneration.

Reasons for the change in net cash flows from operating activities: Mainly due to the increase in payment of guarantee deposits for bills during the period.

Reasons for the change in net cash flows from investing activities: Mainly due to the large investment in the construction of new plants during the period.

Reasons for the change in net cash flows from financing activities: Mainly due to the issuance of GDRs to raise funds during the period,

2 Detailed description of significant changes in the type of business, composition of profits or sources of profits of the company during the period

Applicable Not Applicable

(i) Description of significant changes in profit due to non-principal activities

□Applicable √Not Applicable

(ii) Analysis of assets and liabilities

√Applicable □Not Applicable

1. Assets and liabilities

Unit: Yuan

| Item | Closing Balance of the period | Percentage of total assets at the end of the period (%) | Prior year end | Ratio of prior year end number to total assets (%) | Percentage change in the amount at the end of the period over the end of the previous year (%) | Note |
|-------------------------------|-------------------------------|---|------------------|--|--|---|
| Money funds | 3,375,504,094.17 | 33.48 | 2,204,980,109.77 | 27.68 | 53.09 | This was mainly due to the increase in funds received from the issuance of GDR depositary receipts on the RSE during the period, as well as the increase in sales raising funds |
| Accounts receivable financing | 37,329,653.77 | 0.37 | 17,904,210.81 | 0.22 | 108.5 | Mainly due to increase in outstanding Notes Receivable |
| Prepayments | 29,017,846.91 | 0.29 | 18,078,982.30 | 0.23 | 60.51 | Mainly attributable to the increase in prepayments for materials during the period |
| Other current assets | 125,484,642.94 | 1.24 | 22,209,690.01 | 0.28 | 465 | Mainly attributable to the increase in the purchase of financial products during the period |

| | | | | | | |
|-------------------------------|------------------|-------|------------------|-------|--------|--|
| Construction in Progress | 135,186,073.67 | 1.34 | 35,503,214.70 | 0.45 | 280.77 | Mainly due to the investment and construction of lithium-ion battery charging and discharging equipment capacity expansion project during the period |
| License asset | 4,111,888.16 | 0.04 | 6,009,682.76 | 0.08 | -31.58 | Mainly due to the apportionment of lease costs |
| Deferred tax assets | 63,916,894.27 | 0.63 | 36,536,452.57 | 0.46 | 74.94 | Mainly as a result of the increase in Provision for Bad Debts during the period |
| Other non-current assets | 61,382,676.48 | 0.61 | 39,229,381.89 | 0.49 | 56.47 | Mainly as a result of an increase in long-life warranty deposits and an increase in prepayments for the acquisition of long-term assets |
| Contractual liabilities | 2,052,507,907.64 | 20.36 | 1,501,881,384.48 | 18.85 | 36.66 | Mainly attributable to the rapid growth in business during the period and the increase in contractual payments received in advance |
| Employee remuneration payable | 37,387,811.12 | 0.37 | 25,250,952.24 | 0.32 | 48.06 | Mainly attributable to the increase in the provision for year-end |

| | | | | | | |
|----------------------------|------------------|-------|------------------|------|--------|---|
| | | | | | | bonuses for the half-year period |
| Taxes payable | 79,079,508.64 | 0.78 | 14,341,081.96 | 0.18 | 451.42 | Mainly due to increase in income tax as a result of increase in profit for the period |
| Other accounts payable | 8,705,443.44 | 0.09 | 3,002,923.42 | 0.04 | 189.9 | Mainly due to increase in accounts payable |
| Lease liabilities | 0.00 | 0 | 2,028,013.79 | 0.03 | -100 | Mainly due to expiration of lease terms |
| Paid-up capital | 603,672,152.00 | 5.99 | 405,133,000.00 | 5.09 | 49.01 | Mainly due to the increase in share capital and capital surplus received from the issuance of GDR depositary receipts on the SGX-ST during the period |
| Capital surplus | 2,405,140,988.05 | 23.85 | 1,401,737,825.15 | 17.6 | 71.58 | as mentioned above |
| Other comprehensive income | 1,049,416.94 | 0.01 | 2,419,348.00 | 0.03 | -56.62 | Mainly due to translation differences in statements resulting from changes in exchange rates |

Other notes

N.A.

2. Foreign assets

Applicable Not Applicable

(1) Asset size

Where: 755,183,667.28 (in yuan Currency: RMB) of foreign assets, accounting for 7.49% of total assets.

(2) Description of the relatively high proportion of foreign assets

Applicable Not Applicable Other notes

N.A.

3. Restrictions on major assets as at the end of the reporting periodApplicable Not Applicable

| Item | Closing Book Value | Reason for restriction |
|-------------|--------------------|------------------------|
| money funds | 491,851,630.84 | Margin |
| Total | 491,851,630.84 | |

4. Other notesApplicable Not Applicable

(iv) Analysis of the investment situation**Overall analysis of outward equity investments****1. Applicable Not Applicable Significant equity investments**Applicable Not Applicable**2. Significant non-equity investments**Applicable Not Applicable**3. Financial assets at fair value**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Asset type | Opening amount | Gains and losses on fair value changes during the period | Accumulated fair value changes recognized in equity | Impairment provided for during the period | Amount purchased during the period | Amount sold/redemption during the period | Other changes | Closing Amount |
|------------|----------------|--|---|---|------------------------------------|--|---------------|----------------|
| Stock | 8,470,694.76 | -3,579,166.80 | | | | | | 4,891,527.96 |
| Total | 8,470,694.76 | -3,579,166.80 | | | | | | 4,891,527.96 |

Investments in securities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type of securities | Stock code | Short form | Initial investment cost | Source of funds | Opening Book Value | Gains and losses on fair value changes during the period | Accumulated fair value changes recognized in equity | Amount purchased during the period | Amount sold during the period | Gains and losses on disposal | Closing Book Value | Accounting subjects |
|-----------------------------|------------|------------------|-------------------------|--------------------|--------------------|--|---|------------------------------------|-------------------------------|------------------------------|--------------------|-----------------------------------|
| Domestic and foreign stocks | 000980 | Zotye Automobile | 7,874,166.96 | debt restructuring | 8,470,694.76 | -3,579,166.80 | | | | | 4,891,527.96 | Financial assets held for trading |
| Total | / | / | 7,874,166.96 | / | 8,470,694.76 | -3,579,166.80 | | | | | 4,891,527.96 | / |

Private equity investments

Applicable Not Applicable Derivatives investments

Applicable Not Applicable

(V) Significant asset and equity sales

Applicable Not Applicable

(VI) Analysis of major holdings and participations

√Applicable □Not Applicable

| Company name | Main business | Registered capital | Percentage of shareholding | Total assets | Net assets | Revenues | Net profit |
|---|--|--------------------|--|----------------|---------------|----------------|---------------|
| CHR Japan Co.,Ltd. | 1, production, sales and procurement of battery-related equipment and battery-related products; 2, maintenance, management and repair of battery-related equipment and battery-related products; 3, development and transfer of battery production technology; 4, development, sales and import/export of various products, software and technologies; 5, all businesses incidental to and related to the above. | 5 million yen | 100% | 52,661,576.64 | 45,759,471.82 | 2,593,233.78 | 252,351.92 |
| HangKe Electronic Trading Hong Kong Limited | Manufacturing and sales of battery-related equipment and products, development and sales of various product applications and technologies, and import and export business. | USD5 million | 100% | 594,778,713.92 | 18,776,120.67 | 184,265,513.98 | 14,342,267.86 |
| HangKe Electronics Corporation (Korea) | Battery-related equipment industry, manufacturing, sales and purchasing of battery-related products, wholesale and retail sales, import and export of battery-related products, battery-related maintenance management, development and transfer of battery-related production technology, development and sales of battery-related products and software technology, and trading. | 100 million won | CHR Japan Ltd. contributes 100 million won as 100% of the capital. | 7,919,688.19 | -1,484,485.77 | 401,941.99 | -247,614.68 |
| HK POWER Co., Ltd | Primary batteries, secondary batteries manufacturing and wholesale, retail, import and export industry; storage batteries, chargers manufacturing and wholesale, retail, import and export industry; battery equipment related | 3 billion won | Hong Kong HangKe holds 100% of the shares. | 107,009,319.13 | 11,284,113.00 | 0.00 | -5,488,641.47 |

| | | | | | | | |
|---|---|-----|--|------|-----------|------|---------|
| | manufacturing, trading industry; battery-related equipment industry; battery-related products manufacturing, sales and purchasing industry; battery-related products wholesale, retail, import and export industry; battery-related equipment, maintenance, repair, management industry; battery-related production facilities development and Transfer; battery-related products and software technology development and sales of various products, trading industry; fire lithium batteries, testing equipment and charging and discharging equipment manufacturing, processing, wholesale and retail trade, import and export industry; lithium battery pack protection plate products manufacturing, processing, wholesale and retail trade, import and export business; lithium battery automated production line manufacturing, processing, wholesale and retail trade, import and export business; lithium battery production technology development, import and export business; lithium battery related goods and technology import and export industry; all kinds of battery related equipment import and export, service industry; cutting-edge equipment installation, repair, manufacturing, import and export industry; lithium battery related equipment installation, repair, manufacturing industry; ion battery related equipment installation, maintenance; real estate leasing and trading industry; the incidental business involved in the above items. | | | | | | |
| HONRECK EQUIPME NT TECHNOL OGY SUPPORT | Manufacture of battery-related equipment and battery-related products; maintenance, management and repair of battery-related equipment and battery-related products; development of battery-related production technology; development of various products, software and technology; all businesses | RM2 | CHR Japan Ltd. contributed RM2, representing 100% of the | 0.00 | -3,974.24 | 0.00 | -208.49 |

| | | | | | | | |
|---|--|-----------|--|---------------|---------------|------|------------|
| COMPANY SDN. BHD. (Malaysia) | incidental to the above. | | registered capital | | | | |
| HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (Poland) | Manufacture of batteries and accumulators; repair and maintenance of electrical appliances; manufacture of other spare parts for motor vehicles (except motorcycles); electrical installations; wholesaling of spare parts for motor vehicles (except motorcycles); retailing of spare parts for motor vehicles (except motorcycles); sale, maintenance and repair of motorcycles and related spare parts; exclusive representation of other specified products; wholesaling of household electrical appliances; wholesaling of electronic equipment and communication equipment and related accessories; wholesaling of other machinery and equipment; retailing of new products in specialized shops; retailing through mail-order shops or the Internet; warehousing and storage of other goods; other financial services, not classified, except insurance pension funds Wholesale of household appliances; wholesale of other machinery and equipment; retail sale of new products in specialized stores; retail sale through mail-order stores or via the Internet; transportation of goods by road; warehousing and storage of other commodities; other financial services, except insurance and pension funds, not elsewhere classified; buying and selling of own real estate; renting and operating of own or leased real estate; engineering activities and related technical consultancy; other technical tests and analyses; research and analysis on other research and experimental development in natural sciences and engineering; advertising agency activities. | 5,000 PLN | HangKeung Hong Kong contributes 5,000 PLN or 100% of the registered capital. | 50,170,302.87 | 19,043,441.91 | 0.00 | 559,759.10 |

| | | | | | | | |
|--------------------------------|---|------------------|---|---------------|---------------|--------------|---------------|
| HangKe Technology Inc | The purpose of the corporation is to engage in any lawful act or activity to incorporate under the General Corporation Law of the State of California, except the business of banking, the business of a trust company, or a professional practice permitted to be formed under the California Corporations Code | USD 10 million. | Hong Kong HangKe holds 100% of the shares. | 76,722,525.71 | 71,225,511.80 | 1,320,639.44 | -667,599.43 |
| HangKe Technology Germany GmbH | The objects of the Company are lithium battery formation, testing equipment and charging/discharging equipment; protection board products for lithium battery packs; sales, technical development, installation of goods, commissioning and after-sales service of automated production lines for lithium batteries, import and export of technology; the right to engage in other businesses that directly or indirectly serve the purposes of the Company; and the possibility of establishing or acquiring other companies as well as setting up branch offices or subsidiaries in Germany and abroad. | Euro 2.5 million | 100% | 46,336,877.46 | 17,251,060.25 | 0.00 | -1,018,287.98 |
| HK Technology, Inc | The purpose of the corporation is to engage in any lawful act or activity to incorporate under the General Corporation Law of Georgia, except the business of banking, the business of a trust company, or a professional practice permitted to be formed under the Georgia Corporation Law | USD 100,000 | Hong Kong HangKe holds 100% of the shares and has not yet made any capital contribution | 7,182,320.27 | -89,724.85 | 0.00 | -87,926.54 |

(vii) Situation of structured subjects controlled by the company

Applicable Not Applicable

VII. Other disclosures

Applicable Not Applicable

Section IV Corporate Governance**I. Briefing on the General Meeting of Shareholders**

| Session of the Conference | Date of convening | Search index of designated websites where resolutions are published | Disclosure date of publication of resolution | Conference resolution |
|---|-------------------|---|--|--|
| 2022 Annual General Meeting | May 23, 2023 | Announcement of Resolutions of the 2022 Annual General Meeting (Announcement No. 2023-037) disclosed on the Shanghai Stock Exchange (www.sse.com.cn) and in the Shanghai Securities News and Securities Daily | May 24, 2023 | All motions were considered and passed at this meeting, and there were no cases of rejection of motions. |
| First Extraordinary General Meeting of 2023 | June 7, 2023 | Announcement of Resolutions of the First Extraordinary General Meeting of 2023 (Announcement No. 2023-041) disclosed on the Shanghai Stock Exchange (www.sse.com.cn) and in the Shanghai Securities News and Securities Daily | June 8, 2023 | All motions were considered and passed at this meeting, and there were no cases of rejection of motions. |

Preferred shareholders whose voting rights have been restored request the convening of an extraordinary shareholders' meeting

Applicable Not Applicable

Information note on the general meeting of shareholders

Applicable Not Applicable

All of the above motions at the Annual General Meeting of Shareholders were considered and passed, and there were no cases in which the motions were rejected.

II. Changes in directors, supervisors, senior management and core technical personnel of the Company

Applicable Not Applicable

Description of changes in directors, supervisors, senior management and core technical personnel of the Company

Applicable Not Applicable

Description of the identification of the company's core technical personnel

Applicable Not Applicable

III. Profit Distribution or Capitalization of Capital Reserve Proposal

Proposals for profit distribution and capitalization of provident fund for the half-year

| | |
|--|----|
| Whether to distribute or convert | No |
| Number of bonus shares per 10 shares (shares) | / |
| Dividend per 10 shares (RMB) (inclusive of tax) | / |
| Number of shares transferred per 10 shares (shares) | / |
| Description of information relating to proposals for profit distribution or capitalization of capital reserves | |
| Not applicable | |

IV. Status of the Company's equity incentive plan, employee stock ownership plan or other employee incentives and their impacts

(i) Where the relevant share incentive matters have been disclosed in an interim announcement and there is no progress or change in subsequent implementation

Applicable Not Applicable

| Overview of matters | Query Index |
|---|--|
| The Company held the Thirteenth Meeting of the Third Session of the Board of Directors and the Eleventh Meeting of the Third Session of the Board of Supervisors on March 6, 2023, and considered and passed the "Proposal on Adjustment of the Grant Price of the 2021 Restricted Stock Incentive Plan" and the "Proposal on the Compliance with the Vesting Conditions for the First Vesting Period of the Company's 2021 Restricted Stock Incentive Plan". | For details, please refer to the announcements disclosed in Shanghai Securities News, Securities Daily and on the website of the SSE (www.sse.com.cn): "Announcement on the Compliance with Vesting Conditions for the First Vesting Period of the 2021 Restricted Share Incentive Plan" (Announcement No. 2023-015) "Announcement on Adjustment of the Grant Price under the 2021 Restricted Share Incentive Plan" (Announcement No. 2023 (Announcement No. 2023-014)). |

(ii) Incentives not disclosed in interim announcements or with subsequent developments

Status of equity incentives

Applicable Not Applicable

Other notes

Applicable Not Applicable

Employee Stock Ownership Plan Status

Applicable Not Applicable

Other incentives

Applicable Not Applicable

Section V Environmental and Social Responsibilities

I. Environmental information

| | |
|--|----|
| Whether mechanisms related to environmental protection have been established | be |
| Invested in environmental protection during the reporting period (Unit: 10,000 yuan) | - |

(i) Description of the environmental protection status of the company and its major subsidiaries that are key emission units announced by the environmental protection department

Applicable Not Applicable

(ii) Environmental profile of companies other than priority emission units

Applicable Not Applicable

(iii) Description of subsequent progress or changes in the content of environmental information disclosed during the reporting period

Applicable Not Applicable

(iv) Relevant information conducive to the protection of ecology, prevention of pollution and fulfillment of environmental responsibility

Applicable Not Applicable

Upholding the concept of harmony between man and nature, the company has been committed to promoting green environmental protection and practicing sustainable development. In the course of operation, the Company focuses on energy saving, emission reduction and green ecological construction in order to minimize the negative impact on the natural environment. At the same time, the company also actively carries out green activities to promote the popularization and promotion of environmental protection awareness.

(v) Measures taken to reduce its carbon emissions during the reporting period and their effects

| | |
|---|--|
| Whether or not carbon reduction measures have been taken | Yes |
| Reduction of carbon dioxide equivalent emissions (in tons) | Not applicable |
| Types of carbon reduction measures (e.g., use of clean energy for power generation, use of carbon reduction technologies in production processes, development and production of new products that contribute to carbon reduction, etc.) | The Company adheres to the concept of green operation and continuously improves the efficiency of resource use through awareness promotion, management optimization, equipment upgrading and process improvement, in order to reduce the consumption of water, electricity, natural gas and other resources in the course of business operation. |

Detailed explanation

Applicable Not Applicable

II. Consolidating and expanding the achievements of poverty eradication and rural revitalization, and other specific situations

Applicable Not Applicable

Section VI Important Matters

I. Implementation of commitments

(i) Commitments of the Company's de facto controllers, shareholders, related parties, acquirers and the Company and other commitment-related parties during the reporting period or continuing into the reporting period

Applicable Not Applicable

| Background to the commitments | Commitments type | Committed party | Promise content | Commitment time and duration | Whether there is a time limit for performance | Timely and strict compliance | Failure to perform in a timely manner should be accompanied by a statement of the specific reasons why performance has not been completed. | Failure to comply in a timely manner should result in an explanation of the next steps |
|--|------------------|--------------------------------------|--|------------------------------|---|------------------------------|--|--|
| Commitments related to the initial public offering | Others | HangKe Technology, Cao Ji, Cao Zheng | For details of the share repurchase undertakings in relation to the fraudulent issuance of shares, please refer to the relevant contents of "(III) Share Repurchase Undertakings in relation to the Fraudulent Issuance of Shares" under | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|--------|---|--|-----------|----|-----|----------------|----------------|
| | | | "VI. Important Undertakings" in "Section X. Investor Protection" of the prospectus of the Company disclosed on the website of the Shanghai Stock Exchange. (III) Commitment to repurchase shares in the event of fraudulent issuance of shares on the stock market" in the prospectus disclosed on the website of the Shanghai Stock Exchange. | | | | | |
| | Others | HangKe Technology, Cao Ji, Cao Zheng, directors, supervisors and senior | Commitments relating to the repurchase of new shares, repurchase of shares and compensation | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|--------|---------------------------|---|-----------|----|-----|----------------|-----|
| | | management of the Company | for losses due to material irregularities in information disclosure Commitments relating to the repurchase of shares in the event of fraudulent issuance of shares are detailed in the prospectus disclosed by the Company on the website of the Shanghai Stock Exchange in "Section X Investor Protection" under "IV. Important Commitments". "(F) Commitment to bear compensation or liability in accordance with the law". | | | | | |
| | Others | HangKe | For details of | Long term | No | Yes | Not applicable | Not |

| | | | | | | | | |
|--|--------|--|---|-----------|----|-----|----------------|----------------|
| | | Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company | the binding measures for non-fulfillment of commitments, please refer to "(7) Binding Measures for Non-fulfillment of Commitments" under "IV. Important Commitments" in "Section X. Investor Protection" of the prospectus disclosed by the Company on the website of the Shanghai Stock Exchange. (VII) Restrictive Measures on Unfulfilled Commitments" in "Section X. Investor Protection" of the prospectus | | | | | applicable |
| | Others | HangKe Technology, | For details of the measures | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|-------------|---|--|-----------|----|-----|----------------|----------------|
| | | Cao Ji, Cao Zheng, directors and senior management of the Company | and undertakings for filling the diluted immediate returns, please refer to "(4)" of "Section X Investor Protection" of "VI Important Undertakings" in the prospectus disclosed on the website of the Shanghai Stock Exchange. (IV) Measures and undertakings for filling the diluted immediate returns" in section X "Investor Protection" of the prospectus. | | | | | |
| | award bonus | a HangKe Technology | For details of the commitment to the profit distribution policy, please | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|--------|---|---|-----------|----|-----|----------------|----------------|
| | | | refer to "III. Dividend Distribution Policy after Listing" in the "Reminder of Material Matters" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange. | | | | | |
| | Others | HangKe Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company | For details of the undertakings to bear compensation or liability in accordance with the law, please refer to the relevant contents of "(V) Undertakings to bear compensation or liability in accordance with the law" under "VI. Important | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|---|----------------------|---|-----------|----|-----|----------------|----------------|
| | | | Undertakings" in "Section X. Investor Protection" of the prospectus disclosed by the Company on the website of the Shanghai Stock Exchange. (V) Commitment to bear compensation or liability in accordance with the law" in "Section X. Investor Protection" of the prospectus disclosed on the website of the Shanghai Stock Exchange. | | | | | |
| | Addressing Competition in the Same Industry | Cao Ji and Cao Zheng | For details of the undertakings to avoid competition in the same industry, please refer to "XIII. Agreements | Long term | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|--------|------------|---|-----------|----|-----|----------------|-----|
| | | | <p>entered into by the Issuer with Directors, Supervisors, Senior Management and Core Technical Personnel and their Important Undertakings" and "(II) Undertakings to Avoid Competition in the Same Industry" of "Section V. Basic Information of the Issuer" of the Prospectus disclosed by the Company on the website of Shanghai Stock Exchange. "</p> <p>and "(II) Commitment to avoid competition in the same industry".</p> | | | | | |
| | Others | Cao Ji and | For details of | Long term | No | Yes | Not applicable | Not |

| | | | | | | | | |
|--|--------|-----------|--|--|----|-----|----------------|----------------|
| | | Cao Zheng | the undertakings in respect of the payment of social insurance and housing fund, please refer to the relevant contents of "Section V. Basic Information of the Issuer" under "XVII. Employees of the Issuer and their Social Security" under "3. "(2) Employees' social security and welfare", "3. Commitments made by the controlling shareholders and de facto controllers of the issuer". | | | | | applicable |
| | Others | Cao Ji | During the period when Li Zhen held the equity interest | During the period when Li Zhen indirectly held | No | Yes | Not applicable | Not applicable |

| | | | | | | | | |
|--|--|--|---|---|--|--|--|--|
| | | | <p>of HangKe Technology indirectly in his capacity as the de facto controller of Guoxuan Hi-Tech Company Limited (hereinafter referred to as "Guoxuan Hi-Tech"), any bad debt loss of Guoxuan Hi-Tech and its subsidiaries in respect of the Accounts Receivable of HangKe Technology shall be compensated by me in full for HangKe Technology, so as to ensure that HangKe Technology will not suffer any loss as a result of such loss.</p> | <p>the equity of HangKe Technology as the actual controller of Guoxuan Hi-Tech Co.,Ltd.</p> | | | | |
|--|--|--|---|---|--|--|--|--|

II. Non-operational appropriation of funds by controlling shareholders and other connected parties during the reporting period

Applicable Not Applicable

III. Non-compliance guarantees

Applicable Not Applicable

IV. Audit of semi-annual reports

Applicable Not Applicable

V. Changes in matters covered by the non-standard audit opinion in the previous year's annual report and their treatment

Applicable Not Applicable

VI. Matters relating to insolvency reorganization

Applicable Not Applicable

VII. Significant litigation and arbitration matters

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

VIII. Listed companies, their directors, supervisors, senior management, controlling shareholders and de facto controllers suspected of violating laws and regulations, being punished and rectifying the situation

Applicable Not Applicable

IX. Description of the integrity status of the Company and its controlling shareholders and de facto controllers during the reporting period

Applicable Not Applicable

X. Significant Connected Transactions**(i) Connected transactions related to ordinary operations****1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

Applicable Not Applicable

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

Applicable Not Applicable

3. Matters not disclosed in the interim announcement

Applicable Not Applicable

(ii) Connected transactions arising from asset acquisitions or equity acquisitions or disposals**1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

Applicable Not Applicable

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

Applicable Not Applicable

3. Matters not disclosed in the interim announcement

Applicable Not Applicable

4. Where performance covenants are involved, performance realization for the reporting period should be disclosed

Applicable Not Applicable

(iii) Significant connected transactions for joint outward investment**1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

2. Applicable Not Applicable Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

3. Applicable Not Applicable Matters not disclosed in the interim announcement

Applicable Not Applicable

(iv) Related debt transactions

1. **Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

2. Applicable Not Applicable **Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation**

3. Applicable Not Applicable **Matters not disclosed in the interim announcement**

Applicable Not Applicable

(v) Financial operations between the Company and finance companies with which it has a relationship, and between the Company's holding finance companies and related parties

Applicable Not Applicable

(vi) Other significant connected transactions

Applicable Not Applicable

(vii) Others

Applicable Not Applicable

XI. Major contracts and their performance

(i) Fiduciary, contractual and leasing matters

Applicable Not Applicable

(ii) Significant guarantees honored and outstanding during the reporting period

Applicable Not Applicable

(iii) Other major contracts

Applicable Not Applicable

XII. Note on the utilization of raising funds

√Applicable □Not Applicable

(i) Overall Utilization of raising funds

√Applicable □Not Applicable

Unit: Yuan

| Source of funds raised | Time to raise funds | Total funds raised | Net raising funds after issue expenses | Total committed investment of raising funds | Adjusted total committed investment of raising funds (1) | Cumulative total amount of funds invested in fundraising as of the end of the reporting period (2) | Cumulative progress of inputs as at the end of the reporting period (%) (3) = (2)/(1) | Amount invested during the year (4) | Percentage of current year's input amount (%) (5) = (4)/(1) |
|-------------------------------|---------------------|--------------------|--|---|--|--|---|-------------------------------------|---|
| initial public offering (IPO) | July 22, 2019 | 1,124,630,000.00 | 1,019,924,245.28 | 546,860,000.00 | 1,019,924,245.28 | 974,528,992.38 | 95.55 | 0.00 | 0.00 |
| Others | February 22, 2023 | 1,188,470,380.73 | 1,159,379,050.09 | | | 374,318,000.00 | 32.29 | 374,318,000.00 | 32.29 |

Note: The total raising funds received by the Company from the GDRs on February 22, 2023 amounted to USD172,845,791.93, equivalent to RMB1,188,470,380.73, and the total raising funds after deducting the underwriting fee of USD 2,275,879.46 and bank charges of USD 10.00 amounted to USD 170,569,902.47 (converted to RMB 1,159,379,050.09). 50% of the net raising funds from the GDR offering will be used to expand the production capacity of the lithium-ion battery reprocessing system; 30% of the net raising funds will be used for research and development, development and expansion of marketing and sales network; and 20% of the net raising funds will be used for working capital and general corporate purposes.

(ii) Fundraising Project Details

√Applicable □Not Applicable

Unit: Yuan

| Item Name | Nature of the project | Whether it involves a change | Source of funds raised | Time to raise funds | Whether to use over | Total Investment Commitment | Adjusted total investment of | Cumulative total amount of | Progress of cumulative inputs | Date project reaches | Completed or not | Whether the progress of | Specific reasons why inputs did not | Whether benefits were realized | Benefits realized or R&D results of the | Has there been a signi | Amount of savings |
|-----------|-----------------------|------------------------------|------------------------|---------------------|---------------------|-----------------------------|------------------------------|----------------------------|-------------------------------|----------------------|------------------|-------------------------|-------------------------------------|--------------------------------|---|------------------------|-------------------|
|-----------|-----------------------|------------------------------|------------------------|---------------------|---------------------|-----------------------------|------------------------------|----------------------------|-------------------------------|----------------------|------------------|-------------------------|-------------------------------------|--------------------------------|---|------------------------|-------------------|

| | | of direction | | | r-provisioned funds | of Project raising funds | raising funds (1) | funds invested in fundraising as of the end of the reporting period (2) | as of the end of the reporting period (%) (3) = (2)/(1) | intended useable condition | | inputs is in line with the planned schedule | progress as planned | d during the reporting period | project | ificant change in the feasibility of the project and, if so, please provide details | and reasons for them |
|---|-----------------------------|----------------|-------------------------------|---------------|---------------------|--------------------------|-------------------|---|---|----------------------------|-----|---|---------------------|-------------------------------|----------------|---|--|
| Lithium-ion Battery Intelligent Production Line Manufacturing Expansion | production and construction | Not applicable | initial public offering (IPO) | July 22, 2019 | No | 426,460,000.00 | 426,460,000.00 | 376,181,335.51 | 88.21 | 2020/12/31 | Yes | Yes | Not applicable | Yes | 304,439,469.70 | No | During the implementation of the project construction, the Company |

| | | | | | | | | | | | | | | | | | | |
|--|--------------------------------|-------------------|--|---------------------|----|------------------------|------------------------|------------------------|-------|----------------|-----|-----|-----------------------|-----------------------|-----------------------|-----|--|--|
| | | | | | | | | | | | | | | | | | | proc ess; |
| R&D Center Construction Project | research and development | Not applicable | initial public offering (IPO) | July 22, 2019 | No | 120,40 0,000.0 0 | 120,40 0,000.0 0 | 105,89 5,227.6 9 | 87.95 | 2021/ 12/31 | Yes | Yes | Not applicabl e | Not applica ble | Not applicabl e | Yes | | During the const ructi on proc ess, the com pany , unde r the prem ise of ensur ing the quali ty of the proje ct, streng the ns the contr ol, super visio |

| | | | | | | | | | | | | | | | | | |
|--|------------|-----------------------|--|---------------------|-----|--|------------------------|------------------------|--------|--|--|--|-----------------------|-----------------------|-----------------------|-----|--|
| | | | | | | | | | | | | | | | | | n and mana geme nt of the costs of all aspe cts of the proje ct const ructi on, and reaso nabl y redu ces the total proje ct expe nditu res |
| Perm anent reple nish ment | Othe rs | Not applica ble | initial public offerin g (IPO) | July 22, 2019 | Yes | | 473,06 4,245.2 8 | 492,45 2,429.1 8 | 100.00 | | | | Not applicabl e | Not applica ble | Not applicabl e | No. | |

| | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| of work ing capit al by over- provi ded fund s and unpr ovid ed fund s | | | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

(iii) Changes in fund-raising investments during the reporting period

Applicable Not Applicable

(iv) Other use of raising funds during the reporting period

1、 Advance Investment and Replacement of raising funds Investment Projects

Applicable Not Applicable

2、 Temporary replenishment of working capital with idle raising funds

Applicable Not Applicable

3、 Cash management of idle raising funds and investment in related products

Applicable Not Applicable

4、 Permanent replenishment of working capital or repayment of bank loans with over-provisioned funds

Applicable Not Applicable

5、 Others

Applicable Not Applicable

On September 28, 2022, the Company held the tenth meeting of the third session of the Board of Directors and considered and passed the "Proposal on the Issuance of GDRs by the Company and Listing on the SIX Swiss Exchange and Conversion into a Company Limited by Shares with Overseas raising funds" and other proposals related to the listing of the Offering.

On October 14, 2022, the Company held the Fourth Extraordinary General Meeting of 2022 and considered and passed the "Proposal on the Issuance of GDRs by the Company and Listing on the SIX Swiss Exchange and its Conversion into a Company Limited by Shares with Overseas raising funds" and other proposals related to the listing of the Offering.

On December 19, 2022, the China Securities Regulatory Commission ("CSRC") approved the issuance of up to 40,513,300 additional A-share base shares corresponding to global depository receipts ("GDRs") by the Company by way of Circular No. 3149 of the CSRC, "Approval of the Initial Public Offering of Global Depository Receipts of Zhejiang HangKe Technology Company Limited and Listing on the SIX Swiss Exchange", with the number of GDRs issued by the

Company not exceeding 40,513,300 shares. The number of GDRs to be issued will not exceed 20,256,650 based on the determined conversion ratio of two A-share base shares per GDR.

On February 22, 2023, the Company issued 12,625,697 GDRs, corresponding to 25,251,394 A-share base shares, to qualified international investors and other investors in compliance with the relevant regulations, at an issue price of USD13.69 per GDR, raising total raising funds of USD172,845,791.93 (equivalent to RMB1,188,470,380.73 yuan). The net raising funds raised by the Company after deducting the issue expenses amounted to RMB1,159,379,050.09, Where RMB25,251,394.00 was credited to paid-in capital and RMB1,134,127,656.09 was credited to capital surplus (share premium).

Pursuant to the prospectus for the GDR Offering, the Company intends to use the net raising funds from the Offering for the following purposes: 50% of the net raising funds will be used to expand the production capacity of the lithium-ion battery reprocessing system; 30% of the net raising funds will be used for research and development, development and expansion of the marketing and sales network; and 20% of the net raising funds will be used for working capital and general corporate purposes. The Company will have broad discretion in the use of the net raising funds from the Offering. The intended use of the raising funds as described above is the Company's intention based on its current plans and business situation and is subject to change in a manner consistent with its business strategy and applicable laws, depending on business plans, circumstances, regulatory requirements and prevailing market conditions.

(i) Deposit of GDR funds in special accounts

The gross raising funds raised by the Company from the GDR Issue amounting to USD172,845,791.93, sitting after deduction of underwriting fee of USD2,275,879.46 and bank charges of USD10.00, amounting to USD170,569,902.47, have been remitted by the Underwriters, CLSA Limited, on February 22, 2023 to the Company's US Dollar account opened at the China Luxembourg Branch of China Merchants Bank under account number LU923910201006623201 in USD.

| account opening bank | Bank account number | Date of entry | remittance amount (United States dollars) | Amount credited (United States dollars) |
|----------------------|---------------------|---------------|--|--|
|----------------------|---------------------|---------------|--|--|

| | | | | |
|--|----------------------|-------------------|----------------|----------------|
| China Merchants Bank, Luxembourg Branch | LU923910201006623201 | February 22, 2023 | 170,569,912.47 | 170,569,902.47 |
|--|----------------------|-------------------|----------------|----------------|

Note: Transit bank charges of USD10 will be deducted before the transfer is credited.

The Company has transferred a portion of the above raising funds to other capital accounts on March 14, 2023, and the account and balance of the raising funds deposited as of June 30, 2023 are as follows:

| account opening bank | Bank account number | Balance at June 30, 2023 (USD) | Balance at June 30, 2023 (RMB) | note |
|--|----------------------|-----------------------------------|-----------------------------------|------|
| China Merchants Bank, Luxembourg Branch | LU923910201006623201 | 8,692.10 | 62,807.38 | |
| Zhejiang Xiaoshan Rural Commercial Bank | 201000329383721 | 67,049,772.31 | 484,488,244.76 | |
| Zhejiang Xiaoshan Rural Commercial Bank | 201000330399148 | | 278,880,738.34 | |
| China Merchants Bank, Zhejiang Branch | 571906863332609 | 36,316.30 | 262,414.32 | |
| CITIC Bank Hangzhou Branch | 8110801012502669759 | | 77,497,721.64 | |
| CITIC Bank Hangzhou Branch | 8110814013702671017 | 7,266.43 | 52,505.77 | |
| Total | | 67,102,047.14 | 841,244,432.21 | |

(ii) Utilization of GDR funds

As of June 30, 2023, the funds raised by GDR obtained interest income of USD1,533,355.04 and RMB1,038,459.98, and spent handling fee of USD1,210.37, and settled the foreign exchange of USD105,000,000.00, and the actual raising funds from the settlement of foreign exchange amounted to RMB729,658,000.00, and RMB374,318,000.00 was used to replenish the working capital.

XIII. Description of other significant matters

Applicable Not Applicable

Section VII Changes in Shares and Shareholders

I. Changes in equity

(i) Statement of Changes in Shares

1. Statement of Changes in Shares

Unit: shares

| | Before this change | | Increase/decrease (+,-) in current changes | | | | | After this change | |
|--|--------------------|----------------|--|-------------|------------------------------|--------|-------------|-------------------|----------------|
| | Quantities | Proportion (%) | Issue new shares | Share grant | Conversion of provident fund | Others | Subtotal | Quantities | Proportion (%) |
| I. Restricted shares | | | | | | | | | |
| 1. State shareholding | | | | | | | | | |
| 2. Shareholding by State-owned legal persons | | | | | | | | | |
| 3. Other domestic holdings | | | | | | | | | |
| Where: shares held by domestic non-state legal persons | | | | | | | | | |
| Domestic natural person shareholding | | | | | | | | | |
| 4. Foreign shareholding | | | | | | | | | |
| Where: Overseas corporations | | | | | | | | | |
| Overseas natural person shareholding | | | | | | | | | |
| II. Unlimited shares outstanding | 405,133,000 | 100 | 26,061,394 | | 172,477,758 | | 198,539,152 | 603,672,152 | 100 |
| 1. RMB ordinary shares | 405,133,000 | 100 | 26,061,394 | | 172,477,758 | | 198,539,152 | 603,672,152 | 100 |
| 2. Domestically listed foreign shares | | | | | | | | | |
| 3. Foreign shares listed | | | | | | | | | |

| | | | | | | | | | |
|-----------------------------|-------------|-----|------------|--|-------------|--|-------------|-------------|-----|
| abroad | | | | | | | | | |
| 4. Other | | | | | | | | | |
| III. Total number of shares | 405,133,000 | 100 | 26,061,394 | | 172,477,758 | | 198,539,152 | 603,672,152 | 100 |

2. Statement of changes in shares

√Applicable □Not Applicable

(1) Issuance of GDRs corresponding to 25,251,394 additional shares

On October 14, 2022, the Fourth Extraordinary General Meeting of the Company in 2022 considered and passed the "Proposal on the Issuance of GDRs by the Company and Listing on the SIX Swiss Exchange and Conversion into a Company Limited by Shares Raised Overseas" and the "Proposal on the Plan for the Issuance of GDRs by the Company and Listing on the SIX Swiss Exchange", and other proposals related to the issuance of GDRs, agreeing to the issuance of GDRs and listing on the SIX Swiss Exchange, and that the Company's current The additional A shares of the Base Securities represented by the issuance of the GDRs will not exceed 40,513,300 shares, which will not exceed 10% of the total ordinary share capital of the Company prior to the issuance (based on the total share capital of the Company as measured as of September 20, 2022, not more than 40,513,300 shares). In the "Prompt Announcement on the Listing of the New Basic A Shares Corresponding to the Issue of GDRs and Changes in Shares" (Announcement No. 2023-008) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on February 21, 2023, the number of GDRs to be issued is 12,625,697, Where each GDR represents 2 new A shares of the Company, and the corresponding number of additional underlying A shares is 25,251,394.

(2) Equity incentives vested in 810,000 shares listed and outstanding

On March 6, 2023, the Company held the Thirteenth Meeting of the Third Session of the Board of Directors and the Eleventh Meeting of the Third Session of the Board of Supervisors, and considered and passed the "Proposal on Adjusting the Grant Price of the 2021 Restricted Stock Incentive Plan" and the "Proposal on the Compliance with Vesting Conditions in the First Vesting Period of the Company's 2021 Restricted Stock Incentive Plan", and registered 810,000 shares to 395 incentive recipients under the vesting. The Company completed the share registration procedures for the first vesting period of the 2021 Restricted Share Incentive Plan on March 22, 2023, details of which are set out in the "Announcement on the Vesting Results of the First Vesting Period of the 2021 Restricted Share Incentive Plan and the Listing of the Shares" disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on March 24, 2023 (Announcement No. 2023-017).

(3) Capitalization of capital reserves by 172,477,758 shares

On May 23, 2023, the annual general meeting of the Company for the year 2022 considered and passed the "Proposal on Consideration of 2022 Annual Profit Distribution and Capitalization of Capital Reserve", agreeing that based on the total share capital on the share registration date for the implementation of equity distribution, the Company proposed to transfer 4 shares for every 10 shares to all shareholders by way of capitalization of capital reserve. The equity distribution will be implemented on June 6, 2023 as the share registration date, and the total share capital of the Company will be changed from 431,194,394 shares to 603,672,152 shares after the implementation, representing an increase of 172,477,758 shares. The implementation of such equity distribution was completed on June 6, 2023. For details, please refer to the "Announcement on the Implementation of the 2022 Annual Equity Distribution of Zhejiang Hangke Technology Incorporated Company." (Announcement No. 2023-040) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on June 1, 2023

3. Impact on financial indicators such as earnings per share and net assets per share, if any, as a result of share changes occurring after the reporting period and up to the date of disclosure of the half-yearly report

Applicable Not Applicable

4. Other disclosures deemed necessary by the Company or required by securities regulators

Applicable Not Applicable

(ii) Changes in restricted shares

Applicable Not Applicable Shareholders

II. Total number of shareholders.

| | |
|---|--------|
| Total number of common shareholders as of the end of the reporting period (households) | 11,657 |
| Total number of preferred shareholders with voting rights restored as of the end of the reporting period (households) | 0 |
| Total number of shareholders holding special voting shares as of the end of the reporting period (households) | 0 |

Number of Depositary Receipt Holders

Applicable Not Applicable

| | |
|---|---|
| Total number of depositary receipt holders as of the end of the reporting period (households) | 1 |
|---|---|

Citibank, National Association (Citibank, N.A.) is the depositary of the Company's GDRs, and the A-share certificates of the underlying securities corresponding to the GDRs are legally registered in its name.

(ii) Shareholdings of the top ten shareholders and the top ten shareholders with unlimited rights to sell as of the end of the reporting period

When the top ten shareholders hold shares through both ordinary securities accounts and customer credit transaction guarantee securities accounts of securities companies

Applicable Not Applicable

Unit: share

| Shareholding of top ten shareholders | | | | | | | | |
|--------------------------------------|---|--|----------------|--|--|---------------------------|------------|--------------------|
| Name of Shareholder (full name) | Increase/decrease during the reporting period | Number of shares held at the end of the period | Proportion (%) | Number of shares held under limited selling conditions | Number of restricted shares including shares lent on transfer facility | Pledged, marked or frozen | | Stockholder nature |
| | | | | | | Stock state | Quantities | |

| | | | | | | | | |
|--|------------|-------------|-------|--|---|---------------------------|-------------|----------------------------------|
| Cao Ji | 75,046,638 | 262,663,234 | 43.51 | 0 | 0 | N.A. | 0 | Domestic natural persons |
| Hangzhou HangKe Intelligent Equipment Group Co.,Ltd. | 32,893,362 | 129,304,768 | 21.42 | 0 | 0 | N.A. | 0 | Domestic non-state legal persons |
| Hong Kong Securities Clearing Company Limited | 2,624,195 | 22263457 | 3.69 | 0 | 0 | N.A. | 0 | Overseas Legal Entity |
| Bank of Communications Co., Ltd - HSBC Jinxin Low Carbon Pioneer Equity Fund | 2,854,525 | 9990838 | 1.66 | 0 | 0 | N.A. | 0 | Others |
| Bank of Communications-HSBC Jinxin Dynamic Strategy Mixed Securities Investment Fund | 1,750,733 | 6127566 | 1.02 | 0 | 0 | N.A. | 0 | Others |
| Citibank, National Association | 5695782 | 5695782 | 0.94 | 0 | 0 | N.A. | 0 | Overseas Legal Entity |
| Goldman Sachs International - own funds | 4095967 | 4095967 | 0.68 | 0 | 0 | N.A. | 0 | Others |
| Cao Guanqun | 1,002,679 | 3509376 | 0.58 | 0 | 0 | N.A. | 0 | Domestic natural persons |
| Sang Hongyu | 954,473 | 3,340,656 | 0.55 | 0 | 0 | N.A. | 0 | Domestic natural persons |
| Yu Pingguang | 954,473 | 3,340,656 | 0.55 | 0 | 0 | N.A. | 0 | Domestic natural persons |
| Shares held by top ten shareholders with unlimited sales conditions | | | | | | | | |
| Name of Shareholder | | | | Number of shares held in circulation with unlimited selling conditions | | Type and number of shares | | |
| | | | | | | Type | Quantities | |
| Cao Ji | | | | 262,663,234 | | Renminbi ordinary shares | 262,663,234 | |

| | | | |
|---|---|--------------------------|-------------|
| Hangzhou HangKe Intelligent Equipment Group Co. | 129,304,768 | Renminbi ordinary shares | 129,304,768 |
| Hong Kong Securities Clearing Company Limited | 22,263,457 | Renminbi ordinary shares | 22,263,457 |
| Bank of Communications Co., Ltd - HSBC Jinxin Low Carbon Pioneer Equity Fund | 9,990,838 | Renminbi ordinary shares | 9,990,838 |
| Bank of Communications-HSBC Jinxin Dynamic Strategy Mixed Securities Investment Fund | 6,127,566 | Renminbi ordinary shares | 6,127,566 |
| Citibank, National Association | 5,695,782 | Renminbi ordinary shares | 5,695,782 |
| Goldman Sachs International - own funds | 4,095,967 | Renminbi ordinary shares | 4,095,967 |
| Cao Guanqun | 3,509,376 | Renminbi ordinary shares | 3,509,376 |
| Sang Hongyu | 3,340,656 | Renminbi ordinary shares | 3,340,656 |
| Yu Pingguang | 3,340,656 | Renminbi ordinary shares | 3,340,656 |
| Description of repurchase special accounts among the top ten shareholders | Not applicable | | |
| Description of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights | N.A. | | |
| Description of the above shareholders' affiliation or concerted action | Among the above shareholders, Cao Ji is the controlling shareholder and actual controller of the company. HangKe Group is an employee shareholding platform controlled by Cao Ji, and Cao Ji, Cao Guanqun, Sang Hongyu and Yu Pingguang are shareholders of HangKe Group. Cao Ji and Cao Guanqun are brothers. Apart from the above, the Company does not know whether the other shareholders mentioned above are related or acting in concert. | | |
| Description of preferred shareholders whose voting rights have been restored and the number of shares they hold | Not applicable | | |

Number of shares held by the top ten shareholders with limited selling rights and the conditions of sale restriction

Applicable Not Applicable

Table showing the top ten holders of domestic depositary receipts of the Company as at the end of the reporting period

Applicable Not Applicable

Number of holdings of the top ten holders of restricted depositary receipts and conditions of restriction of sale

Applicable Not Applicable

(iii) Top ten shareholders in terms of number of voting rights as at the end of the reporting period

Applicable Not Applicable

Unit: share

| No. | Name of Shareholder | Shareholding | | Number of voting rights | Proportion of vote | Increase or decrease in voting rights during the reporting period | Circumstances in which the right to vote is restricted |
|-------|--|--------------|-----------------------|-------------------------|--------------------|---|--|
| | | Common stock | Special voting shares | | | | |
| 1 | Cao Ji | 262,663,234 | 0 | 262,663,234 | 43.51 | 75,046,638 | 0 |
| 2 | Hangzhou HangKe Intelligent Equipment Group Co. | 129,304,768 | 0 | 129,304,768 | 21.42 | 32,893,362 | 0 |
| 3 | Hong Kong Securities Clearing Company Limited | 22,263,457 | 0 | 22,263,457 | 3.69 | 2,624,195 | 0 |
| 4 | Bank of Communications Co., Ltd - HSBC Jinxin Low Carbon Pioneer Equity Fund | 9,990,838 | 0 | 9,990,838 | 1.66 | 2,854,525 | 0 |
| 5 | Bank of Communications-HSBC Jinxin Dynamic Strategy Mixed Securities Investment Fund | 6,127,566 | 0 | 6,127,566 | 1.02 | 1,750,733 | 0 |
| 6 | Citibank, National Association | 5,695,782 | 0 | 5,695,782 | 0.94 | 5695782 | 0 |
| 7 | Goldman Sachs International - own funds | 4,095,967 | 0 | 4,095,967 | 0.68 | 4095967 | 0 |
| 8 | Cao Guanqun | 3,509,376 | 0 | 3,509,376 | 0.58 | 1,002,679 | 0 |
| 9 | Sang Hongyu | 3,340,656 | 0 | 3,340,656 | 0.55 | 954,473 | 0 |
| 10 | Yu Pingguang | 3,340,656 | 0 | 3,340,656 | 0.55 | 954,473 | 0 |
| Total | / | 450,332,300 | 0 | 450,332,300 | / | / | / |

(iv) Strategic investors or general corporations becoming top ten shareholders as a result of placing of new shares/depositary receipts

Applicable Not Applicable

III. Directors, Supervisors, Senior Management and Core Technical Personnel

(i) Changes in shareholdings of current and outgoing directors, supervisors, senior management and core technical personnel during the reporting period

√Applicable □Not Applicable

Unit: share

| Name | Duties | Number of shares held at the beginning of the period | Number of shares held at the end of the period | Increase/decrease in the number of shares during the reporting period | Reasons for changes |
|----------------|----------------------------------|--|--|---|---|
| Cao Ji | Core technical staff | 187,616,596 | 262,663,234 | 75,046,638 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Sang Hongyu | Director, Deputy General Manager | 2,386,183 | 3,340,656 | 954,473 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Yu Pingguang | Director, General Manager | 2,386,183 | 3,340,656 | 954,473 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Zhao Qunwu | Board member | 2,310,683 | 3,234,956 | 924,273 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Zhang Yingying | Supervisor | 1,410,018 | 1,974,025 | 564,007 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Zheng Linjun | Supervisor | 1,410,018 | 1,974,025 | 564,007 | FY2022 Equity distribution capitalization of capital surplus to share capital |
| Fu Fenghua | Deputy General Manager, | 100,000 | 140,000 | 40,000 | FY2022 Equity distribution |

| | | | | | |
|---------|--|--------|--------|-------|---|
| | Board Secretary, Chief Financial Officer | | | | capitalization of capital surplus to share capital |
| Liu Wei | Core technical staff | 20,500 | 28,700 | 8,200 | FY2022 Equity distribution capitalization of capital surplus to share capital |

Other Notes

Applicable Not Applicable

(ii) Directors, Supervisors, senior management and core technical staff granted equity incentives during the reporting period

1. Stock option

Applicable Not Applicable

2. Class I Restricted Stock

Applicable Not Applicable

3. Class II restricted stock

Applicable Not Applicable

Unit: 10,000 shares

| Name | Duties | Number of restricted shares granted at the beginning of the period | Number of new restricted shares granted during the reporting period | Number of attributable | Number vested | Number of restricted shares granted at the end of the period |
|------------|--|--|---|------------------------|---------------|--|
| Fu Fenghua | Deputy General Manager, Board Secretary, Chief Financial Officer | 1.8 | 0 | 0 | 0 | 1.2 |
| Liu Wei | Core technical staff | 4 | 0 | 0 | 0 | 3 |
| Total | / | 5.8 | 0 | 0 | 0 | 4.2 |

Note: Fu Fenghua was granted 18,000 restricted shares under the 2021 Restricted Stock Incentive Plan, and 0.6 million restricted shares granted during the first vesting period were null and void due to the failure of the performance evaluation at the corporate level for the year 2022; Liu Wei was granted 40,000 restricted shares under the 2022 Restricted Stock Incentive Plan, and 10,000 restricted shares were null and void during the first vesting period due to the failure of the performance evaluation at the corporate level for the year 2022; and Liu Wei was granted 10,000 restricted shares under the 2021

Restricted Stock Incentive Plan, and 1,000 restricted shares were null and void during the first vesting period. period the 10,000 shares of restricted stock granted were voided.

(iii) Other notes

Applicable Not Applicable

IV. Changes in controlling shareholders or de facto controllers

Applicable Not Applicable

V. Implementation and changes in depositary receipt-related arrangements during the reporting period

Applicable Not Applicable

Pursuant to the Approval of the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Zhejiang HangKe Technology Incorporated Company issued by the China Securities Regulatory Commission (Securities Regulatory Permit [2022] No. 3149) and the "Decision on the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange" issued by the Swiss Exchange Regulatory AG (SIX Exchange Regulation AG), the Company completed the issuance of GDRs and listed on the SIX Swiss Exchange on February 22, 2023. Decision of Zhejiang HangKe Technology Incorporated Company, Ltd, the Company completed the issuance of GDRs and listed on SIX Swiss Exchange on February 22, 2023 for trading. The details of the issuance are as follows:

1. Basic information

Name of Issuer: Zhejiang HangKe Technology Incorporated Company

Full name of GDR Securities: Zhejiang HangKe Technology Incorporated Company

GDR listing code: ZHT

Foreign stock market for this GDR offering: SIX Swiss Exchange

2. Implementation process of the issue

(1) Internal decision-making procedures performed for the GDR issue

The Company held the Tenth Meeting of the Third Session of the Board of Directors on September 28, 2022, and the Fourth Extraordinary General Meeting of Shareholders on October 14, 2022, to consider and approve the relevant proposals for the issuance and listing of the Company's A-share shares of additional underlying securities represented by the GDRs in the issuance of not more than 40,513,300 shares, which shall not exceed 10% of the total common share capital of the Company prior to the issuance of the GDRs. In the event that the GDRs are increased or decreased due to the Company's stock dividend, stock split or merger, or conversion rate adjustment, the maximum number of GDRs will be adjusted accordingly.

(2) Circumstances and timing of consent to the Offering by overseas regulatory authorities

The Company received a conditional approval from the SIX Swiss Exchange Supervisory Authority on November 23, 2022 for the issuance of GDRs by the Company for listing on the SIX Swiss Exchange, and obtained approval from the SIX Swiss Exchange Supervisory Authority's Prospectus Office for the prospectus for this offering on February 16, 2023 for the issuance of GDRs by the Company in accordance with the SIX Swiss Exchange Standard for Depositary Receipts for listing on the SIX Swiss Exchange.

(3) Book-entry period for the Offering

The offering was an international market offering. The Company launched the offering after market close on February 16, 2023 and determined the GDR offering price and results of the offering on the same evening.

(4) Funds arrival time

The funds raised from the GDR issue will be received on February 22, 2023

(5) Date of listing of securities in the Offering

In accordance with the relevant rules of the SIX Swiss Exchange and international market practice, the GDRs issued were officially listed on the SIX Swiss Exchange on February 22, 2023, Swiss time.

VI. Special voting shares

Applicable Not Applicable

Section VIII Information on Preferred Shares

Applicable Not Applicable

Section IX. Bond-related Information

I. Corporate bonds, company bonds and debt financing instruments for non-financial enterprises

Applicable Not Applicable

II. Convertible bonds

Applicable Not Applicable

Section X Financial Report

I. Audit reports

Applicable Not Applicable

II. Financial statement

Consolidated Balance Sheets

June 30, 2023

Prepared by: Zhejiang HangKe Technology Incorporated Company

Unit: Yuan Currency: RMB

| Item | Footnote | June 30, 2023 | December 31, 2022 |
|--|----------|------------------|-------------------|
| Current assets: | | | |
| Money funds | VII.1 | 3,375,504,094.17 | 2,204,980,109.77 |
| Provision for settlement | | | |
| Lent inter-bank funds | | | |
| Financial assets held for trading | VII.2 | 4,891,527.96 | 8,470,694.76 |
| Derivative financial asset | | | |
| Notes Receivable | VII.4 | 54,169,563.69 | 58,049,060.67 |
| Accounts Receivable | VII.5 | 1,961,414,321.41 | 1,673,164,923.92 |
| Receivables financing | VII.6 | 37,329,653.77 | 17,904,210.81 |
| Prepayments | VII.7 | 29,017,846.91 | 18,078,982.30 |
| Premiums receivable | | | |
| Receivables from reinsurance | | | |
| Reserve for reinsurance contracts receivable | | | |
| Other receivables | VII.8 | 24,297,586.30 | 20,752,014.90 |
| Where: Interest receivable | | | |
| Dividends receivable | | | |
| Bought and sold financial assets | | | |
| Inventory | VII.9 | 2,653,957,786.38 | 2,380,677,299.30 |
| Contractual assets | VII.10 | 330,999,899.63 | 307,678,177.15 |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | VII.13 | 125,484,642.94 | 22,209,690.01 |
| Total current assets | | 8,597,066,923.16 | 6,711,965,163.59 |
| Non-current assets: | | | |
| Release of loans and advances | | | |
| Debenture investment | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | | | |
| Investments in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment property | | | |
| Fixed assets | VII. 21 | 1,042,217,663.98 | 954,337,911.33 |

| | | | |
|---|--------|-------------------|------------------|
| Construction in Progress | VII.22 | 135,186,073.67 | 35,503,214.70 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | VII.25 | 4,111,888.16 | 6,009,682.76 |
| Intangible asset | VII.26 | 172,684,688.84 | 175,501,531.02 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term amortized expenses | VII.29 | 5,828,425.37 | 7,003,767.94 |
| Deferred tax assets | VII.30 | 63,916,894.27 | 36,536,452.57 |
| Other non-current assets | VII.31 | 61,382,676.48 | 39,229,381.89 |
| Total non-current assets | | 1,485,328,310.77 | 1,254,121,942.21 |
| Total assets | | 10,082,395,233.93 | 7,966,087,105.80 |
| Current liabilities: | | | |
| Short term loan | | | |
| Borrowing from the Central Bank | | | |
| Borrowed inter-bank funds | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | VII.35 | 1,362,872,208.67 | 1,316,903,913.74 |
| Accounts payable | VII.36 | 1,521,752,343.10 | 1,596,641,156.33 |
| Advance receipts | VII.37 | 99,082.57 | 560,000.00 |
| Contractual liabilities | VII.38 | 2,052,507,907.64 | 1,501,881,384.48 |
| Sales of repurchased financial assets | | | |
| Deposit-taking and interbank deposits | | | |
| Securities brokerage | | | |
| Underwriting of securities | | | |
| Employee remuneration payable | VII.39 | 37,387,811.12 | 25,250,952.24 |
| Taxes payable | VII.40 | 79,079,508.64 | 14,341,081.96 |
| Other accounts payable | VII.41 | 8,705,443.44 | 3,002,923.42 |
| Where: Interest payable | | | |
| Dividend payable | | | |
| Fees and commissions payable | | | |
| Accounts payable for reinsurance | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | VII.43 | 4,002,371.09 | 3,840,678.51 |
| Other current liabilities | VII.44 | 117,061,334.73 | 125,660,270.00 |
| Total current liabilities | | 5,183,468,011.00 | 4,588,082,360.68 |
| Non-current liabilities: | | | |
| Reserves for insurance contracts | | | |
| Long term loan | | | |
| Bonds payable | | | |
| Where: Preferred Stocks | | | |
| Perpetual bond | | | |
| Lease liabilities | VII.47 | | 2,028,013.79 |

| | | | |
|---|--------|-------------------|------------------|
| Long-term accounts payable | | | |
| Long-term employee compensation payable | | | |
| Projected liability | | | |
| Deferred income | VII.51 | 26,151,034.37 | 28,438,576.97 |
| Deferred income tax liabilities | VII.30 | | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 26,151,034.37 | 30,466,590.76 |
| Total liabilities | | 5,209,619,045.37 | 4,618,548,951.44 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or share capital) | VII.53 | 603,672,152.00 | 405,133,000.00 |
| Other equity instruments | | | |
| Where: Preferred Stocks | | | |
| Perpetual bond | | | |
| Capital surplus | VII.55 | 2,405,140,988.05 | 1,401,737,825.15 |
| Less: Treasury stock | | | |
| Other comprehensive income | VII.57 | 1,049,416.94 | 2,419,348.00 |
| Special reserves | | | |
| Surplus reserves | VII.59 | 191,755,852.88 | 191,755,852.88 |
| General risk provision | | | |
| Unallocated profit | VII.60 | 1,671,157,778.69 | 1,346,492,128.33 |
| Total owners' equity (or shareholders' equity) attributable to the parent company | | 4,872,776,188.56 | 3,347,538,154.36 |
| Minority interests | | | |
| Total owners' equity (or shareholders' equity) | | 4,872,776,188.56 | 3,347,538,154.36 |
| Total liabilities and owners' equity (or shareholders' equity) | | 10,082,395,233.93 | 7,966,087,105.80 |

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Parent Company Balance Sheet

June 30, 2023

Prepared by: Zhejiang HangKe Technology Incorporated Company

Unit: Yuan Currency: RMB

| Item | Footnote | June 30, 2023 | December 31, 2022 |
|-----------------------------------|----------|------------------|-------------------|
| Current assets: | | | |
| Money funds | | 2,822,031,107.65 | 1,991,810,568.64 |
| Financial assets held for trading | | 4,891,527.96 | 8,470,694.76 |
| Derivative financial asset | | | |
| Notes Receivable | | 54,169,563.69 | 58,049,060.67 |
| Accounts Receivable | XVII.1 | 2,124,884,892.48 | 1,674,400,536.49 |
| Receivables financing | | 37,329,653.77 | 17,904,210.81 |

| | | | |
|---|--------|------------------|------------------|
| Prepayments | | 28,056,484.42 | 16,560,508.62 |
| Other receivables | XVII.2 | 92,230,130.82 | 97,885,479.26 |
| Where: Interest receivable | | | |
| Dividends receivable | | | |
| Inventory | | 2,653,920,499.20 | 2,380,640,012.12 |
| Contractual assets | | 330,999,899.63 | 307,678,177.15 |
| Assets held for sale | | | |
| Non-current assets due within one year | | | |
| Other current assets | | 124,044,000.56 | 21,186,453.88 |
| Total current assets | | 8,272,557,760.18 | 6,574,585,702.40 |
| Non-current assets: | | | |
| Debenture investment | | | |
| Other debt investments | | | |
| Long-term receivables | | | |
| Long-term equity investments | XVII.3 | 74,179,098.16 | 64,699,481.59 |
| Investments in other equity instruments | | | |
| Other non-current financial assets | | | |
| Investment property | | | |
| Fixed assets | | 883,071,658.84 | 895,250,731.49 |
| Construction in Progress | | 135,186,073.67 | 18,204,314.48 |
| Productive biological assets | | | |
| Oil and gas assets | | | |
| Right-of-use assets | | 4,111,888.16 | 6,009,682.76 |
| Intangible asset | | 172,684,688.84 | 175,501,531.02 |
| Development expenditure | | | |
| Goodwill | | | |
| Long-term amortized expenses | | 5,828,425.37 | 7,003,767.94 |
| Deferred tax assets | | 65,235,258.91 | 36,577,923.82 |
| Other non-current assets | | 60,280,001.06 | 37,292,942.20 |
| Total non-current assets | | 1,400,577,093.01 | 1,240,540,375.30 |
| Total assets | | 9,673,134,853.19 | 7,815,126,077.70 |
| Current liabilities: | | | |
| Short term loan | | | |
| Financial liabilities held for trading | | | |
| Derivative financial liabilities | | | |
| Notes payable | | 1,362,872,208.67 | 1,316,903,913.74 |
| Accounts payable | | 1,513,513,048.39 | 1,596,632,180.12 |
| Advance receipts | | 99,082.57 | 560,000.00 |
| Contractual liabilities | | 1,720,176,818.47 | 1,385,308,395.26 |
| Employee remuneration payable | | 37,308,068.49 | 25,210,737.00 |
| Taxes payable | | 78,921,960.58 | 14,285,097.21 |
| Other accounts payable | | 5,860,743.88 | 2,860,728.64 |
| Where: Interest payable | | | |
| Dividend payable | | | |
| Liabilities held for sale | | | |
| Non-current liabilities due within one year | | 4,002,371.09 | 3,840,678.51 |

| | | | |
|--|--|------------------|------------------|
| Other current liabilities | | 117,061,334.73 | 125,660,270.00 |
| Total current liabilities | | 4,839,815,636.87 | 4,471,262,000.48 |
| Non-current liabilities: | | | |
| Long term loan | | | |
| Bonds payable | | | |
| Where: Preferred Stocks | | | |
| perpetual bond | | | |
| Lease liabilities | | 0.00 | 2,028,013.79 |
| Long-term accounts payable | | | |
| Long-term employee compensation payable | | | |
| Projected liability | | | |
| Deferred income | | 26,151,034.37 | 28,438,576.97 |
| Deferred income tax liabilities | | | |
| Other non-current liabilities | | | |
| Total non-current liabilities | | 26,151,034.37 | 30,466,590.76 |
| Total liabilities | | 4,865,966,671.24 | 4,501,728,591.24 |
| Owners' equity (or shareholders' equity): | | | |
| Paid-in capital (or share capital) | | 603,672,152.00 | 405,133,000.00 |
| Other equity instruments | | | |
| Where: Preferred Stocks | | | |
| Perpetual bond | | | |
| capital surplus | | 2,405,140,988.05 | 1,401,737,825.15 |
| Less: Treasury stock | | | |
| Other comprehensive income | | | |
| Special reserves | | | |
| surplus reserves | | 191,755,852.88 | 191,755,852.88 |
| Unallocated profit | | 1,606,599,189.02 | 1,314,770,808.43 |
| Total owners' equity (or shareholders' equity) | | 4,807,168,181.95 | 3,313,397,486.46 |
| Total liabilities and owners' equity (or shareholders' equity) | | 9,673,134,853.19 | 7,815,126,077.70 |

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Income Statement

January-June 2023

Unit: Yuan Currency: RMB

| Item | Footnote | Semi-annual 2023 | Semi-annual 2022 |
|---------------------------|----------|------------------|------------------|
| I. Gross operating income | | 2,120,914,382.58 | 1,955,223,362.80 |
| Where: Operating income | VII.61 | 2,120,914,382.58 | 1,955,223,362.80 |
| Interest income | | | |
| Premiums earned | | | |
| Fee and commission income | | | |
| II. Total operating costs | | 1,470,006,924.25 | 1,677,414,453.31 |
| Where: Operating costs | VII.61 | 1,278,904,889.62 | 1,355,371,144.59 |
| Interest expense | | | |

| | | | |
|--|---------|-----------------|----------------|
| Handling fee and commission expenses | | | |
| Surrender charge | | | |
| Net claims expenditure | | | |
| Net withdrawal from reserve for insurance liabilities | | | |
| Policy dividend expenses | | | |
| Reinsurance costs | | | |
| Taxes and surcharges | VII.62 | 18,119,147.54 | 6,361,578.52 |
| sales expense | VII.63 | 57,012,231.55 | 50,772,190.73 |
| Overhead | VII.64 | 121,571,550.43 | 181,249,207.04 |
| R&D costs | VII.65 | 124,320,990.17 | 106,681,084.46 |
| Financial cost | VII.66 | -129,921,885.06 | -23,020,752.03 |
| Where: Interest expense | | 743,493.04 | 1,499,766.63 |
| Interest income | | 37,118,803.64 | 9,741,096.49 |
| Add: Other gains | VII. 67 | 58,706,406.08 | 33,114,181.44 |
| Investment income (loss recognized as "-") | VII.68 | 434,750.55 | 6,071,514.39 |
| Where: Income from investments in associates and joint ventures | | | |
| Gain (loss recorded as "-") on derecognition of financial assets measured at amortized cost | | | |
| Exchange gains (losses are recognized with a "-" sign) | | | |
| Net exposure to hedging gains (losses are recognized with a "-" sign) | | | |
| Gain (loss recognized as "-") on change in fair value | VII.70 | -3,579,166.80 | -5,649,056.39 |
| Credit impairment losses (losses are recognized with a "-" sign) | VII.71 | -128,575,750.33 | -35,029,861.87 |
| Impairment losses on assets (losses are recognized with a "-" sign) | VII.72 | -37,205,437.63 | -6,585,552.67 |
| Gain (loss is represented by a "-" sign) on disposal of assets | VII.73 | -66,430.28 | |
| III. Operating profit (loss is shown with a "-" sign) | | 540,621,829.92 | 269,730,134.39 |
| Add: Non-operating income | VII.74 | 1,053,482.65 | 2,118,921.76 |
| Less: Non-operating expenses | VII.75 | 1,379,311.68 | 4,102,409.63 |
| IV. Total profit (total loss is shown with a "-" sign) | | 540,296,000.89 | 267,746,646.52 |
| Less: Income tax expense | VII. 76 | 64,664,062.11 | 26,471,156.84 |
| V. Net profit (net loss is shown with a "-" sign) | | 475,631,938.78 | 241,275,489.68 |
| (i) Classification by business continuity | | | |
| 1. Net profit from continuing operations (net loss is shown with a "-" sign) | | 475,631,938.78 | 241,275,489.68 |
| 2. Net profit from discontinued operations (net loss is shown with a "-" sign) | | | |
| (ii) Classification by ownership | | | |
| 1. Net profit attributable to shareholders of the parent company (net loss is shown with a "-" sign) | | 475,631,938.78 | 241,275,489.68 |

| | | | |
|---|---------|----------------|----------------|
| 2. Minority shareholders' gains and losses (net losses are shown with a "-" sign) | | | |
| VI. Other comprehensive income, net of tax | VII. 77 | -1,369,931.06 | 534,249.41 |
| (i) Other comprehensive income attributable to owners of the parent, net of tax | | -1,369,931.06 | 534,249.41 |
| 1. Other comprehensive income not reclassifiable to profit or loss | | | |
| (1) Remeasurement of changes in defined benefit plans | | | |
| (2) Other comprehensive income that cannot be transferred to profit or loss under the equity method | | | |
| (3) Changes in fair value of investments in other equity instruments | | | |
| (4) Changes in fair value of an enterprise's own credit risk | | | |
| 2. Other comprehensive income to be reclassified to profit or loss | | -1,369,931.06 | 534,249.41 |
| (1) Other comprehensive income available for transfer to profit or loss under the equity method | | | |
| (2) Changes in fair value of other debt investments | | | |
| (3) Reclassification of financial assets to other comprehensive income | | | |
| (4) Provision for credit impairment of other debt investments | | | |
| (5) Cash flow hedge reserve | | | |
| (6) Translation differences on foreign currency financial statements | | -1,369,931.06 | 534,249.41 |
| (7) Other | | | |
| (ii) Other comprehensive income attributable to minority shareholders, net of tax | | | |
| VII. Total comprehensive income | | 474,262,007.72 | 241,809,739.09 |
| (i) Total comprehensive income attributable to owners of the parent company | | 474,262,007.72 | 241,809,739.09 |
| (ii) Total comprehensive income attributable to minority shareholders | | | |
| VIII. Earnings per share: | | | |
| (i) Basic earnings per share (yuan/share) | | 0.80 | 0.60 |
| (ii) Diluted earnings per share (RMB/share) | | 0.80 | 0.59 |

In the event of a business combination under the same control during the current period, the net income realized by the party to be merged before the merger was: RMB0. The net income realized by the party to be merged during the previous period was: RMB0.

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Income Statement of the Parent Company

January-June 2023

Unit: Yuan Currency: RMB

| Item | Footnote | Semi-annual 2023 | Semi-annual 2022 |
|---|----------|------------------|------------------|
| I. Operating income | XVII.4 | 2,103,036,925.00 | 1,955,430,807.01 |
| Less: Operating costs | XVII.4 | 1,274,004,537.11 | 1,355,698,404.25 |
| Taxes and surcharges | | 17,145,313.32 | 6,351,716.93 |
| Sales expense | | 56,864,881.21 | 50,762,916.05 |
| Overhead | | 113,057,774.63 | 179,162,564.12 |
| R&D costs | | 124,320,990.17 | 106,681,084.46 |
| Financial cost | | -112,343,299.66 | -26,166,957.32 |
| Where: Interest expense | | 339,787.75 | 1,499,766.63 |
| Interest income | | 34,007,386.00 | 9,636,836.62 |
| Add: Other gains | | 58,531,159.08 | 33,053,437.22 |
| Investment income (loss recognized as "-") | XVII.5 | 2,127,414.25 | 7,573,192.06 |
| Where: Income from investments in associates and joint ventures | | | |
| Gain (loss recorded as "-") on derecognition of financial assets measured at amortized cost | | | |
| Net exposure to hedging gains (losses are recognized with a "-" sign) | | | |
| Gain (loss recognized as "-") on change in fair value | | -3,579,166.80 | -5,649,056.39 |
| Credit impairment losses (losses are recognized with a "-" sign) | | -146,976,319.64 | -73,656,132.54 |
| Impairment losses on assets (losses are recognized with a "-" sign) | | -37,205,437.63 | -6,592,962.41 |
| Gain (loss is represented by a "-" sign) on disposal of assets | | -66,430.28 | |
| II. Operating profit (loss is shown with a "-" sign) | | 502,817,947.20 | 237,669,556.46 |
| Add: Non-operating income | | 1,014,169.25 | 2,118,921.76 |
| Less: Non-operating expenses | | 1,379,311.68 | 4,102,373.04 |
| III. Total profit (total loss is shown with a "-" sign) | | 502,452,804.77 | 235,686,105.18 |
| Less: Income tax expense | | 59,658,135.76 | 26,439,791.89 |
| IV. Net profit (net loss is shown with a "-" sign) | | 442,794,669.01 | 209,246,313.29 |
| (i) Net profit from continuing operations (net loss is shown with a "-" sign) | | 442,794,669.01 | 209,246,313.29 |
| (ii) Net profit from discontinued operations (net loss is shown with a "-" sign) | | | |
| V. Other comprehensive income, net of tax | | | |
| (i) Other comprehensive income not reclassifiable to profit or loss | | | |
| 1. Remeasurement of changes in defined benefit plans | | | |
| 2. Other comprehensive income that cannot be transferred to profit or | | | |

| | | | |
|--|--|----------------|----------------|
| loss under the equity method | | | |
| 3. Changes in fair value of investments in other equity instruments | | | |
| 4. Changes in fair value of the enterprise's own credit risk | | | |
| (ii) Other comprehensive income to be reclassified to profit or loss | | | |
| 1. Other comprehensive income available for transfer to profit or loss under the equity method | | | |
| 2. Changes in fair value of other debt investments | | | |
| 3. Amounts reclassified from financial assets to other comprehensive income | | | |
| 4. Provision for credit impairment of other debt investments | | | |
| 5. Cash flow hedge reserve | | | |
| 6. Translation differences on foreign currency financial statements | | | |
| 7. Other | | | |
| VI. Total comprehensive income | | 442,794,669.01 | 209,246,313.29 |
| VII. Earnings per share: | | | |
| (i) Basic earnings per share (yuan/share) | | | |
| (ii) Diluted earnings per share (RMB/share) | | | |

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Statement of Cash Flows

January-June 2023

Unit: Yuan Currency: RMB

| Item | Footnote | Semi-annual 2023 | Semi-annual 2022 |
|--|----------|------------------|------------------|
| i. Cash flows from operating activities: | | | |
| Cash received from sales of goods and services | | 2,254,436,259.89 | 1,727,083,315.73 |
| Net increase in customer deposits and interbank deposits | | | |
| Net increase in borrowing from central banks | | | |
| Net increase in remittances to other financial institutions | | | |
| Cash received from premiums for original insurance contracts | | | |
| Net cash received from reinsurance operations | | | |
| Net increase in policyholder deposits and investments | | | |
| Cash received for interest, fees and commissions | | | |

| | | | |
|--|--------|------------------|------------------|
| Net increase in inward remittances | | | |
| Net increase in funding of repurchase operations | | | |
| Net cash received from agency trading of securities | | | |
| Tax refunds received | | 59,685,953.94 | 46,932,045.72 |
| Other cash received in connection with operating activities | VII.78 | 270,284,905.50 | 288,633,930.94 |
| Subtotal cash inflow from operating activities | | 2,584,407,119.33 | 2,062,649,292.39 |
| Cash paid for goods and services | | 1,458,365,513.28 | 1,177,288,745.25 |
| Net increase in loans and advances to customers | | | |
| Net increase in deposits with central banks and interbanks | | | |
| Cash payments for original insurance contract claims | | | |
| Net increase in funds disbursed | | | |
| Cash paid for interest, fees and commissions | | | |
| Cash to pay policy dividends | | | |
| Cash paid to and for employees | | 298,989,527.25 | 241,127,036.11 |
| Taxes paid | | 110,440,385.85 | 63,372,253.89 |
| Payments of other cash related to operating activities | VII.78 | 567,307,147.99 | 251,650,727.10 |
| Subtotal cash outflows from operating activities | | 2,435,102,574.37 | 1,733,438,762.35 |
| Net cash flows from operating activities | | 149,304,544.96 | 329,210,530.04 |
| II. Cash flows from investing activities: | | | |
| Cash received from recovery of investments | | 151,337,473.98 | 716,063,726.56 |
| Cash received from investment income | | 0.00 | |
| Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets | | 313,539.82 | |
| Net cash received from disposal of subsidiaries and other operating units | | | |
| Other cash received related to investing activities | | | |
| Subtotal cash inflows from investing activities | | 151,651,013.80 | 716,063,726.56 |
| Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets | | 273,796,388.98 | 153,794,871.06 |
| Cash paid for investments | | 270,000,000.00 | 830,000,000.00 |
| Net increase in pledged loans | | | |
| Net cash paid for acquisition of subsidiaries and other operating | | | |

| | | | |
|--|--------|------------------|------------------|
| units | | | |
| Payments of other cash related to investing activities | VII.78 | 0.00 | |
| Subtotal cash outflows from investing activities | | 543,796,388.98 | 983,794,871.06 |
| Net cash flows from investing activities | | -392,145,375.18 | -267,731,144.50 |
| III. Cash flows from financing activities: | | | |
| Cash received from absorption of investments | | 1,195,315,292.39 | 15,608,500.00 |
| Where: Cash received by subsidiaries from absorption of minority investments | | | |
| Cash received from acquisition of loans | | | |
| Other cash received related to financing activities | | | |
| Subtotal cash inflow from financing activities | | 1,195,315,292.39 | 15,608,500.00 |
| Cash paid for debt service | | 0.00 | |
| Cash paid for distribution of dividends, profits or interest payments | | 150,930,786.02 | 88,205,199.91 |
| Where: Dividends and profits paid by subsidiaries to minority shareholders | | | |
| Payments of other cash related to financing activities | | 11,093,672.74 | |
| Subtotal cash outflows from financing activities | | 162,024,458.76 | 88,205,199.91 |
| Net cash flows from financing activities | | 1,033,290,833.63 | -72,596,699.91 |
| IV. Impact of exchange rate changes on cash and cash equivalents | | 100,738,897.05 | 19,757,499.47 |
| V. Net increase in cash and cash equivalents | | 891,188,900.46 | 8,640,185.10 |
| Add: Cash and cash equivalents balance at the beginning of the period | | 1,992,463,562.87 | 1,714,758,111.87 |
| VI. Cash and cash equivalents balance at end of period | | 2,883,652,463.33 | 1,723,398,296.97 |

Head of the Company: Yu Pinguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Parent Company Statement of Cash Flows

January-June 2023

Unit: Yuan Currency: RMB

| Item | Footnote | Semi-annual 2023 | Semi-annual 2022 |
|---|----------|------------------|------------------|
| i. Cash flows from operating activities: | | | |
| Cash received from sales of goods and services | | 2,026,828,621.00 | 1,623,104,509.47 |

| | | | |
|--|--|------------------|------------------|
| Tax refunds received | | 59,685,953.94 | 46,923,577.00 |
| Other cash received in connection with operating activities | | 266,909,668.30 | 288,400,179.27 |
| Subtotal cash inflow from operating activities | | 2,353,424,243.24 | 1,958,428,265.74 |
| Cash paid for goods and services | | 1,626,273,144.28 | 1,185,032,585.22 |
| Cash paid to and for employees | | 297,110,622.02 | 240,763,433.64 |
| Taxes paid | | 109,469,437.87 | 63,357,037.06 |
| Payments of other cash related to operating activities | | 561,094,913.98 | 250,072,442.94 |
| Subtotal cash outflows from operating activities | | 2,593,948,118.15 | 1,739,225,498.86 |
| Net cash flows from operating activities | | -240,523,874.91 | 219,202,766.88 |
| II. Cash flows from investing activities: | | | |
| Cash received from recovery of investments | | 151,337,473.98 | 716,063,726.56 |
| Cash received from investment income | | 0.00 | |
| Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets | | 313,539.82 | |
| Net cash received from disposal of subsidiaries and other operating units | | | |
| Other cash received related to investing activities | | | |
| Subtotal cash inflows from investing activities | | 151,651,013.80 | 716,063,726.56 |
| Cash paid for acquisition of property, plant and equipment, intangible assets and other long-term assets | | 193,854,541.01 | 153,428,722.04 |
| Cash paid for investments | | 279,479,616.57 | 830,000,000.00 |
| Net cash paid for acquisition of subsidiaries and other operating units | | | 75,970,375 |
| Payments of other cash related to investing activities | | | |
| Subtotal cash outflows from investing activities | | 473,334,157.58 | 1,059,399,097.04 |
| Net cash flows from investing activities | | -321,683,143.78 | -343,335,370.48 |
| III. Cash flows from financing activities: | | | |
| Cash received from absorption of investments | | 1,195,315,292.39 | 15,608,500.00 |
| Cash received from acquisition of loans | | | |
| Other cash received related to financing activities | | | |

| | | | |
|---|--|------------------|------------------|
| Subtotal cash inflow from financing activities | | 1,195,315,292.39 | 15,608,500.00 |
| Cash paid for debt service | | | |
| Cash paid for distribution of dividends, profits or interest payments | | 150,918,037.90 | 88,205,199.91 |
| Payments of other cash related to financing activities | | 11,093,672.74 | |
| Subtotal cash outflows from financing activities | | 162,011,710.64 | 88,205,199.91 |
| Net cash flows from financing activities | | 1,033,303,581.75 | -72,596,699.91 |
| IV. Impact of exchange rate changes on cash and cash equivalents | | 79,788,892.01 | 16,390,842.82 |
| V. Net increase in cash and cash equivalents | | 550,885,455.07 | -180,338,460.69 |
| Add: Cash and cash equivalents balance at the beginning of the period | | 1,779,294,021.74 | 1,684,835,584.65 |
| VI. Cash and cash equivalents balance at end of period | | 2,330,179,476.81 | 1,504,497,123.96 |

Head of the Company: Yu Pinguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Statement of Changes in Owner's Equity
January-June 2023

Unit: Yuan Currency: RMB

| Item | Semi-annual 2023 | | | | | | | | | | | | | Minority interests | Total owners' equity |
|-------------------------------------|---|--------------------------|--------|--|------------------|----------------------|----------------------------|------------------|------------------|------------------------|----------------------|----------|------------------|--------------------|----------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | Subtotal | | | |
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital surplus | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | General risk provision | Undistributed profit | | Others | | |
| | Preferred stock | Perpetual bond | Others | | | | | | | | | | | | |
| I. Prior year closing balance | 405,133,000.00 | | | | 1,401,737,825.15 | | 2,419,348.00 | | 191,755,852.88 | | 1,346,492,128.33 | | 3,347,538,154.36 | | 3,347,538,154.36 |
| Add: change in accounting policy | | | | | | | | | | | -48,250.52 | | -48,250.52 | | -48,250.52 |
| Correction of prior period errors | | | | | | | | | | | | | | | |
| Same-control business combinations | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening Balance for the year | 405,133,000.00 | | | | 1,401,737,825.15 | | 2,419,348.00 | | 191,755,852.88 | | 1,346,443,877.81 | | 3,347,489,903.84 | | 3,347,489,903.84 |
| III. Amount of increase or decrease | 198,539,152.00 | | | | 1,003,403,162.90 | | -1,369,931.06 | | | | 324,713,900.88 | | 1,525,286,284.72 | | 1,525,286,284.72 |

| | | | | | | | | | | | | | | | |
|--|----------------|--|--|--|------------------|--|--------------|--|----------------|--|------------------|--|------------------|--|------------------|
| retained earnings | | | | | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6. Other | | | | | | | | | | | | | | | |
| (v) Earmarked reserves | | | | | | | | | | | | | | | |
| 1. Withdrawals during the period | | | | | | | | | | | | | | | |
| 2. Utilization during the period | | | | | | | | | | | | | | | |
| (vi) Other | | | | | | | | | | | | | | | |
| IV. Closing Balance for the period | 603,672,152.00 | | | | 2,405,140,988.05 | | 1,049,416.94 | | 191,755,852.88 | | 1,671,157,778.69 | | 4,872,776,188.56 | | 4,872,776,188.56 |

| Item | Semi-annual 2022 | | | | | | | | | | | | | | Minority interests | Total owners' equity |
|------|---|--------------------------|-----------------|-------------|-----------------|----------|------------------|---------------|-----------------------|---------|--|--|--|----------|--------------------|----------------------|
| | Equity attributable to owners of the parent company | | | | | | | | | | | | | Subtotal | | |
| | Paid-in capital (or | Other equity instruments | Capital surplus | Less: Treas | Other comprehen | Speci al | Surplus reserves | Gener al risk | Undistribute d profit | Othe rs | | | | | | |
| | | | | | | | | | | | | | | | | |

| | share capital) | Prefer red stock | Perpet ual bond | Othe rs | | ury stock | sive income | reser ves | | provisi on | | | | | |
|---|--------------------|------------------------|-----------------------|------------|----------------------|--------------|-----------------------|--------------|--------------------|---------------|--------------------|--|----------------------|--|----------------------|
| I. Prior year closing balance | 403,090,00 0.00 | | | | 1,283,796,0 73.62 | | - 2,633,360. 15 | | 145,246,64 3.00 | | 995,119,114 .67 | | 2,824,618,4 71.14 | | 2,824,618,4 71.14 |
| Add: change in accounting policy | | | | | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | | | | | |
| Same- control business combinati ons | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening Balance for the year | 403,090,00 0.00 | | | | 1,283,796,0 73.62 | | - 2,633,360. 15 | | 145,246,64 3.00 | | 995,119,114 .67 | | 2,824,618,4 71.14 | | 2,824,618,4 71.14 |
| III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign) | 1,643,000. 00 | | | | 99,310,731. 40 | | 534,249.4 1 | | | | 148,563,301 .37 | | 250,051,282 .18 | | 250,051,282 .18 |
| (i) Total comprehen sive income | | | | | | | 534,249.4 1 | | | | 241,275,489 .68 | | 241,809,739 .09 | | 241,809,739 .09 |

| | | | | | | | | | | | | | | |
|--|------------------|--|--|--|-------------------|--|--|--|--|------------------------|--|------------------------|--|------------------------|
| (ii) Owners' inputs and reductions in capital | 1,643,000. 00 | | | | 99,310,731. 40 | | | | | | | 100,953,731 .40 | | 100,953,731 .40 |
| 1. Common shares invested by owners | 1,643,000. 00 | | | | 13,965,500. 00 | | | | | | | 15,608,500. 00 | | 15,608,500. 00 |
| 2. Capital contributio ns by holders of other equity instrument s | | | | | | | | | | | | | | |
| 3. Share- based payments recognized in equity | | | | | 85,345,231. 40 | | | | | | | 85,345,231. 40 | | 85,345,231. 40 |
| 4. Other | | | | | | | | | | | | | | |
| (iii) Distributio n of profits | | | | | | | | | | - 92,712,188. 31 | | - 92,712,188. 31 | | - 92,712,188. 31 |
| 1. Withdrawa l of surplus reserves | | | | | | | | | | | | | | |
| 2. Provision for general risks | | | | | | | | | | | | | | |
| 3. Distributio n to owners (or shareholde | | | | | | | | | | - 92,712,188. 31 | | - 92,712,188. 31 | | - 92,712,188. 31 |

| | | | | | | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| rs) | | | | | | | | | | | | | | | |
| 4. Other | | | | | | | | | | | | | | | |
| (iv) Internal carry- forward of owners' equity | | | | | | | | | | | | | | | |
| 1. Transfer of capital surplus to capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Transfer of surplus to capital (or share capital) | | | | | | | | | | | | | | | |
| 3. Coverage of losses by surplus reserves | | | | | | | | | | | | | | | |
| 4. Carry- over of changes in defined benefit plans to retained earnings | | | | | | | | | | | | | | | |
| 5. Other comprehen sive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6. Other | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|------------------------------------|--------------------|--|--|--|----------------------|--|-----------------------|--|--------------------|--|----------------------|--|----------------------|--|----------------------|
| (v) Earmarked reserves | | | | | | | | | | | | | | | |
| 1. Withdrawals during the period | | | | | | | | | | | | | | | |
| 2. Utilization during the period | | | | | | | | | | | | | | | |
| (vi) Other | | | | | | | | | | | | | | | |
| IV. Closing Balance for the period | 404,733,00 0.00 | | | | 1,383,106,8 05.02 | | - 2,099,110. 74 | | 145,246,64 3.00 | | 1,143,682,4 16.04 | | 3,074,669,7 53.32 | | 3,074,669,7 53.32 |

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Statement of Changes in Owners' Equity of the Parent Company

January-June 2023

Unit: Yuan Currency: RMB

| Item | Semi-annual 2023 | | | | | | | | | | |
|---|------------------------------------|--------------------------|----------------|--------|----------------------|----------------------|----------------------------|------------------|--------------------|----------------------|----------------------|
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital surplus | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Total owners' equity |
| | | Preferred stock | Perpetual bond | Others | | | | | | | |
| I. Prior year closing balance | 405,133,00 0.00 | | | | 1,401,737, 825.15 | | | | 191,755,8 52.88 | 1,314,770, 808.43 | 3,313,397, 486.46 |
| Add: change in accounting policy | | | | | | | | | | -48,250.52 | -48,250.52 |
| Correction of prior period errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening Balance for the year | 405,133,00 0.00 | | | | 1,401,737, 825.15 | | | | 191,755,8 52.88 | 1,314,722, 557.91 | 3,313,349, 235.94 |
| III. Amount of increase or decrease during the period | 198,539,15 2.00 | | | | 1,003,403, 162.90 | | | | | 291,876,6 31.11 | 1,493,818, 946.01 |

| | | | | | | | | | | | |
|--|----------------|--|--|--|------------------|----------------|--|--|--|----------------|------------------|
| (decreases are indicated by a "-" sign) | | | | | | | | | | | |
| (i) Total comprehensive income | | | | | | | | | | 442,794,669.01 | 442,794,669.01 |
| (ii) Owners' inputs and reductions in capital | 26,061,394.00 | | | | 1,175,880,920.90 | | | | | | 1,201,942,314.90 |
| 1. Common shares invested by owners | 26,061,394.00 | | | | 1,155,811,356.09 | | | | | | 1,181,872,750.09 |
| 2. Capital contributions by holders of other equity instruments | | | | | | | | | | | |
| 3. Share-based payments recognized in equity | | | | | 20,069,564.81 | | | | | | 20,069,564.81 |
| 4. Other | | | | | | | | | | | |
| (iii) Distribution of profits | | | | | | | | | | - | - |
| 1. Withdrawal of surplus reserves | | | | | | | | | | 150,918,037.90 | 150,918,037.90 |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | - | - |
| 3. Other | | | | | | | | | | 150,918,037.90 | 150,918,037.90 |
| (iv) Internal carry-forward of owners' equity | 172,477,758.00 | | | | - | 172,477,758.00 | | | | | |
| 1. Transfer of capital surplus to capital (or share capital) | 172,477,758.00 | | | | - | 172,477,758.00 | | | | | |
| 2. Transfer of surplus to capital (or share capital) | | | | | | | | | | | |
| 3. Coverage of losses by surplus reserves | | | | | | | | | | | |
| 4. Carry-over of changes in defined benefit plans to retained earnings | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | |
| 6. Other | | | | | | | | | | | |

| | | | | | | | | | | | |
|------------------------------------|--------------------|--|--|--|----------------------|--|--|--|--------------------|----------------------|----------------------|
| (v) Earmarked reserves | | | | | | | | | | | |
| 1. Withdrawals during the period | | | | | | | | | | | |
| 2. Utilization during the period | | | | | | | | | | | |
| (vi) Other | | | | | | | | | | | |
| IV. Closing Balance for the period | 603,672,15 2.00 | | | | 2,405,140, 988.05 | | | | 191,755,8 52.88 | 1,606,599, 189.02 | 4,807,168, 181.95 |

| Item | Semi-annual 2022 | | | | | | | | | | |
|---|------------------------------------|--------------------------|-----------------|--------|----------------------|----------------------|----------------------------|------------------|--------------------|----------------------|----------------------|
| | Paid-in capital (or share capital) | Other equity instruments | | | Capital surplus | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Total owners' equity |
| | | Preferred stock | PPerpetual bond | Others | | | | | | | |
| I. Prior year closing balance | 403,090,00 0.00 | | | | 1,283,796, 073.62 | | | | 145,246,6 43.00 | 988,900,1 07.80 | 2,821,032, 824.42 |
| Add: change in accounting policy | | | | | | | | | | | |
| Correction of prior period errors | | | | | | | | | | | |
| Others | | | | | | | | | | | |
| II. Opening Balance for the year | 403,090,00 0.00 | | | | 1,283,796, 073.62 | | | | 145,246,6 43.00 | 988,900,1 07.80 | 2,821,032, 824.42 |
| III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign) | 1,643,000.0 0 | | | | 99,310,731 .40 | | | | | 116,534,1 24.98 | 217,487,85 6.38 |
| (i) Total comprehensive income | | | | | | | | | | 209,246,3 13.29 | 209,246,31 3.29 |
| (ii) Owners' inputs and reductions in capital | 1,643,000.0 0 | | | | 99,310,731 .40 | | | | | | 100,953,73 1.40 |
| 1. Common shares invested by owners | 1,643,000.0 0 | | | | 13,965,500 .00 | | | | | | 15,608,500 .00 |
| 2. Capital contributions by holders of other equity instruments | | | | | | | | | | | |

| | | | | | | | | | | | |
|--|----------------|--|--|--|------------------|--|--|--|----------------|------------------|------------------|
| 3. Share-based payments recognized in equity | | | | | 85,345,231.40 | | | | | | 85,345,231.40 |
| 4. Other | | | | | | | | | | | |
| (iii) Distribution of profits | | | | | | | | | | - | - |
| | | | | | | | | | | 92,712,188.31 | 92,712,188.31 |
| 1. Withdrawal of surplus reserves | | | | | | | | | | | |
| 2. Distribution to owners (or shareholders) | | | | | | | | | | - | - |
| | | | | | | | | | | 92,712,188.31 | 92,712,188.31 |
| 3. Other | | | | | | | | | | | |
| (iv) Internal carry-forward of owners' equity | | | | | | | | | | | |
| 1. Transfer of capital surplus to capital (or share capital) | | | | | | | | | | | |
| 2. Transfer of surplus to capital (or share capital) | | | | | | | | | | | |
| 3. Coverage of losses by surplus reserves | | | | | | | | | | | |
| 4. Carry-over of changes in defined benefit plans to retained earnings | | | | | | | | | | | |
| 5. Other comprehensive income carried forward to retained earnings | | | | | | | | | | | |
| 6. Other | | | | | | | | | | | |
| (v) Earmarked reserves | | | | | | | | | | | |
| 1. Withdrawals during the period | | | | | | | | | | | |
| 2. Utilization during the period | | | | | | | | | | | |
| (vi) Other | | | | | | | | | | | |
| IV. Closing Balance for the period | 404,733,000.00 | | | | 1,383,106,805.02 | | | | 145,246,643.00 | 1,105,434,232.78 | 3,038,520,680.80 |

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

III. Basic information of the company

1. Company Overview

Applicable Not Applicable

Zhejiang HangKe Technology Incorporated Company, Ltd (hereinafter referred to as the Company or the Company) was established by the overall change of Zhejiang HangKe Technology Co.,Ltd. and registered at Hangzhou Administration for Industry and Commerce on November 21, 2011, with its headquarter located in Hangzhou City, Zhejiang Province. The Company now holds a business license with a unified social credit code of 913301005865048038, a registered capital of RMB 405,133,000.00, and a total number of 405,133,000 shares (par value of RMB 1 each), all are non-restricted outstanding A-shares. The Company's shares have been listed and traded on July 22, 2019 on Shanghai Stock Exchange.

The company belongs to the specialized equipment manufacturing industry. The main business activities are manufacturing, processing: lithium battery formation, testing equipment and charging and discharging equipment, lithium battery pack protection board products, lithium battery automated production line; services: technology development of lithium battery production technology, import and export of goods and technology (except for items prohibited by laws and administrative regulations, and items restricted by laws and administrative regulations can be operated after obtaining permission).

2. Scope of consolidated financial statements

Applicable Not Applicable

The Company has included 10 companies into the consolidated financial statements, including Honreck Electronic Trading Japan Co., Ltd, Japan New Energy Equipment Co., Ltd, Hangke Electronics Japan Co.,Ltd., Honreck Equipment Technology Support Company Sdn.Bhd., Hangke Electronic Trade Hongkong Co.,Ltd., Honreck Electronics Trading Spółka Z Ograniczona Odpowiedzialnoscia, Hangke Technology Inc, Hangke Technology Germany GmbH, HK POWER Co., Ltd and HK Technology, Inc. Refer to Notes VI and VII in the financial reports for details.

IV. Basis of preparation of the financial statements

1. Basis of preparation

The Company's financial statements have been prepared on a going concern basis.

2. Ongoing operation

Applicable Not Applicable

There are no matters or circumstances that give rise to significant doubt about the Company's ability to continue as a going concern for a period of 12 months from the end of the reporting period.

V. Critical accounting policies and accounting estimates

Specific Accounting Policies and Accounting Estimates Alert:

Applicable Not Applicable

The Company has formulated specific accounting policies and accounting estimates for transactions or events such as impairment of financial instruments, depreciation of property, plant and equipment,

amortization of intangible assets, and revenue recognition in accordance with the characteristics of actual production and operations.

1. Statement of compliance with enterprise accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete picture of the Company's financial position, results of operations, changes in shareholders' equity and cash flows and other relevant information.

2. Accounting period

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

3. Business cycle

Applicable Not Applicable

The Company's fiscal year begins on January 1 and ends on June 30 of the calendar year.

4. Bookkeeping currency

The Company uses Renminbi (RMB) as its bookkeeping currency of account, its subsidiaries Honreck Electronic Trading Japan Co., Ltd. and New Energy Equipment Japan Co.,Ltd. adopt Japanese Yen (JPY) as their bookkeeping currency, its subsidiaries Hangke Electronic Japan Co.,Ltd. and Hongkong Power Co., Ltd. adopt Korean Won (KRW) as their bookkeeping currency of account, its subsidiaries Honreck Equipment Technology Support Company Sdn.Bhd. uses ringgit as the bookkeeping currency of account, the subsidiary HangKe Electronics Trading Hong Kong Co.,Ltd. uses Hong Kong dollar as the bookkeeping currency of account, the subsidiary Honreck Electronics Trading Spółka Z Organiczona Odpowiedzialnoscia uses zloty as the bookkeeping currency of account. The subsidiaries HangKe Technology Inc and HK Technology, Inc use the US dollar as the bookkeeping currency of account, and the subsidiary HangKe Technology Germany GmbH uses the euro as the bookkeeping currency of account.

5. Accounting for business combinations under common control and non-common control

Applicable Not Applicable

1. Accounting treatment of business combinations under common control

Assets and liabilities acquired by the Company in a business combination are measured at the carrying value of the party being combined in the consolidated financial statements of the party ultimately in control at the date of the combination. The Company adjusts its capital surplus by the difference between the Book Value of the equity in the consolidated financial statements of the party undergoing the merger and the Book Value of the merger consideration paid or the total par value of the shares issued; if the capital surplus is not sufficient to cover the difference, it is adjusted to retained earnings.

2. Accounting treatment of business combinations not under common control

The Company recognizes goodwill at the date of purchase for the difference between the cost of consolidation and the share of fair value of the identifiable net assets of the acquiree acquired in the consolidation; if the cost of consolidation is less than the share of fair value of the identifiable net assets of the acquiree acquired in the consolidation, firstly, the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as well as the measurement of cost of consolidation shall be reviewed, and if, after the review, the cost of consolidation remains If the cost of consolidation, after review, is still less than the fair value of the acquiree's identifiable net assets, the difference is recognized in profit or loss for the current period.

6. Methodology for the preparation of consolidated financial statements

Applicable Not Applicable

The Parent Company includes all subsidiaries it controls in the scope of consolidation of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the Parent Company and its subsidiaries and are prepared by the Parent Company in accordance with Accounting Standard for Business Enterprises (ASBE) No. 33, Consolidated Financial Statements, based on other relevant information.

7. Classification of joint venture arrangements and accounting for joint operations

Applicable Not Applicable

8. Criteria for determining cash and cash equivalents

Cash equivalents are investments held by an enterprise that have a short maturity (generally maturing within three months from the date of purchase), are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

9. Foreign currency operations and translation of foreign currency statements

Applicable Not Applicable

1. Translation of foreign currency operations

Foreign currency transactions are translated into Renminbi amounts at the time of initial recognition using the exchange rate approximating the spot rate at the date of the transaction. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date, and exchange differences arising from the difference in exchange rates, except for the exchange differences on the principal of and interest on special foreign currency borrowings relating to the acquisition and construction of assets eligible for capitalization, are recognized in profit or loss for the current period; foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate at the date of the transaction, and the RMB amounts are not changed; foreign currency non-monetary items measured at fair value are translated using the spot exchange rate at the date of determination of the fair value, and the difference is not changed. Non-monetary items measured at fair value in foreign currencies are translated using spot exchange rates at the date when the fair value is determined, and the difference is recognized in profit or loss or other comprehensive income for the current period.

2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed earnings", are translated using the spot exchange rate at the date of the transaction; and items in income statement are translated using the spot exchange rate at the date of the transaction. Differences arising from the translation of foreign-currency financial statements in accordance with the above translation are recognized in other comprehensive income.

10. financial instrument

Applicable Not Applicable

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories at initial recognition: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories at initial recognition: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities resulting from transfers of financial assets that do not meet the conditions for derecognition or from continuing involvement in the transferred financial assets; (3) financial guarantee contracts that do not fall under (1) or (2) above and loan commitments that do not fall under (1) above and are made at a below-market interest rate; (4) financial liabilities measured at amortized cost. commitments; and (4) financial liabilities measured at amortized cost.

2. Basis of recognition, measurement and derecognition of financial assets and financial liabilities

(1) Basis of recognition and initial measurement of financial assets and financial liabilities

The Company recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract. Upon initial recognition of a financial asset or financial liability, it is measured at fair value; for financial assets and financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other types of financial assets or financial liabilities, the related transaction costs are included in the amount initially recognized. However, if the receivables initially recognized by the Company do not contain significant financing components or if the Company does not consider the financing components in contracts that are not more than one year old, they are initially measured at the transaction price as defined in ASBE No. 14, "Revenue".

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

Subsequent measurement at amortized cost is performed using the effective interest method. Gains or losses arising from financial assets measured at amortized cost that are not part of any hedging relationship are recognized in profit or loss when the asset is derecognized, reclassified, amortized in accordance with the effective interest rate method or recognized as impaired.

2) Investments in debt instruments at fair value through other comprehensive income

Fair value is used for subsequent measurement. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest rate method are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss.

3) Investments in equity instruments at fair value through other comprehensive income

Fair value is used for subsequent measurement. Dividends received (except for those attributable to the recovery of investment costs) are recognized in profit or loss, and other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

4) Financial assets at fair value through profit or loss

Gains or losses arising from subsequent measurement using fair value, including interest and dividend income, are recognized in profit or loss unless the financial asset is part of a hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Such financial liabilities include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. These financial liabilities are subsequently measured at fair value. The amount of change in the fair value of financial liabilities designated as at fair value through profit or loss arising from changes in the company's own credit risk is recognized in other comprehensive income, unless such treatment would create or enlarge an accounting mismatch in profit or loss. Other gains or losses arising from such financial liabilities (including interest expense, changes in fair value other than those arising from changes in the company's own credit risk) are recognized in profit or loss, unless the financial liability is part of a hedging relationship. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred out of other comprehensive income and recognized in retained earnings.

2) The transfer of a financial asset that does not meet the conditions for derecognition or a financial liability arising from continued involvement in the transferred financial asset

Measured in accordance with the relevant provisions of ASBE 23, "Transfers of Financial Assets".

3) Financial guarantee contracts that do not fall under 1) or 2) above, and loan commitments that do not fall under 1) above and lend at below-market interest rates

Subsequent measurement after initial recognition is based on the higher of: (i) the amount of the provision for losses determined in accordance with the provisions for impairment of financial instruments; and (ii) the amount initially recognized net of the cumulative amortization determined in accordance with the relevant provisions of "Accounting Standard No. 14 - Revenue".

4) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method. Gains or losses arising from financial liabilities measured at amortized cost that are not part of any hedging relationship are recognized in profit or loss when they are derecognized and amortized using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when one of the following conditions is met:

① The contractual right to receive cash flows from financial assets has been terminated;

② A financial asset has been transferred and the transfer satisfies the requirements for derecognition of a financial asset under ASBE No. 23, "Transfers of Financial Assets".

2) When the present obligation of a financial liability (or a portion thereof) has been discharged, the financial liability (or the portion thereof) is derecognized accordingly.

3. Basis of recognition and measurement of transfers of financial assets

If the company transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the financial asset and separately recognizes the rights and obligations arising from or retained in the transfer as an asset or a liability; if it retains substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the transferred financial asset. If the company neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the company shall deal with the following situations: (1) if it does not retain control of the financial asset, derecognize the financial asset and recognize the rights and obligations arising from or retained in the transfer as a separate asset or liability; (2) if it retains control of the financial asset, recognize the relevant financial asset to the same extent as if it continued to be involved in the transferred financial asset, and recognize the relevant liability accordingly. financial assets and recognize the related liabilities accordingly.

If the transfer of a financial asset meets the conditions for derecognition, the difference between (1) the carrying amount of the transferred financial asset at the date of derecognition and (2) the sum of the consideration received for the transfer of the financial asset and the amount of the derecognition portion of the cumulative change in the fair value of the transferred financial asset that would otherwise have been recognized directly in other comprehensive income (for transfers involving investments in debt instruments that are carried at fair value through other comprehensive income), the amount of derecognition portion of the transfer (for transfers involving investments in debt instruments that are carried at fair value through other comprehensive income). (involving the transfer of a financial asset that is an investment in a debt instrument at fair value through other comprehensive income). If a portion of a financial asset is transferred and the transferred portion as a whole meets the conditions for derecognition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognized portion and the continuing portion based on their respective relative fair values at the date of transfer, and the difference between the amount of the the sum of the amount corresponding to the derecognized portion of the cumulative changes in fair value that would have been recognized directly in other comprehensive income (the financial asset involved in the transfer is an

investment in a debt instrument that is measured at fair value with changes recognized in other comprehensive income).

4. Methods for determining the fair value of financial assets and financial liabilities

The Company determines the fair value of underlying financial assets and financial liabilities using valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information. The Company categorizes the inputs used in the valuation techniques into the following hierarchy and uses them sequentially:

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

(2) Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the underlying asset or liability, including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; observable inputs other than quoted prices, such as interest rates and yield curves that are observable between normal quoted price intervals; and market-validated inputs;

(3) Level 3 inputs are unobservable inputs for the underlying assets or liabilities, including interest rates that are not directly observable or cannot be verified by observable market data, stock volatility, future cash flows from abandonment obligations assumed in a business combination, and financial projections made using own data.

5. Impairment of financial instruments

(1) Measurement and accounting for impairment of financial instruments

The Company uses expected credit losses as the basis for impairment of financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, loan commitments classified as other than financial liabilities at fair value through profit or loss, financial liabilities that are not classified as financial liabilities at fair value through profit or loss, or financial guarantee contracts that do not meet the conditions for derecognition or for which there is a continuing involvement in the financial liability arising from the transferred financial asset are treated as impaired and a loss provision is recognized.

Expected credit losses, the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses are the difference between all contractual cash flows receivable by the company under the contract discounted at the original effective interest rate and all cash flows expected to be collected, i.e. the present value of all cash shortfalls. In particular, for financial assets purchased or originated by the company that are credit impaired, they are discounted at the credit-adjusted effective interest rate of the financial asset.

For financial assets purchased or originated that have suffered credit impairment, the Company recognizes a loss allowance at the balance sheet date only for the cumulative change in expected credit losses over the entire period of existence since initial recognition.

For receivables and contract assets resulting from transactions governed by ASBE No. 14, Revenue, the Company applies a simplified measurement approach to measure the allowance for losses at an amount equal to the expected credit losses over the entire duration.

For financial assets other than those measured above, the Company assesses at each balance sheet date whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses as the amount of expected credit losses over the entire duration of the financial instrument; if there has not been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses as the amount of expected credit losses of the financial instrument over the next 12 months.

The Company uses reasonably available and supportable information, including forward-looking information, to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition.

At the balance sheet date, if the company judges that a financial instrument has only a low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses on the basis of individual financial instruments or a portfolio of financial instruments. When a portfolio of financial instruments is used as a basis, the company classifies the financial instruments into different portfolios based on common risk characteristics.

The Company remeasures the expected credit losses at each balance sheet date, and the resulting increase or reversal amount of the loss allowance is recognized as an impairment loss or gain in profit or loss. For financial assets carried at amortized cost, the allowance for losses is offset against the carrying amount of the financial asset as stated in the balance sheet; for debt investments carried at fair value through other comprehensive income, the Company recognizes its allowance for losses in other comprehensive income, without offsetting the carrying amount of the financial asset.

(2) Financial instruments for assessing expected credit risk and measuring expected credit losses on a portfolio basis

| Item | Basis for determining the portfolio | Methodology for measuring expected credit losses |
|--|-------------------------------------|--|
| Other receivables - related transactions portfolio | Nature of payment | Expected credit losses are calculated by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through default exposures and expected credit loss rates over the next 12 months or the entire duration |
| Other receivables - margin portfolio | | |
| Other receivables - reserves portfolio | | |
| Other receivables -- other portfolio | | |

(3) Receivables and contract assets with expected credit losses measured on a portfolio basis

1) Specific portfolios and measurement of expected credit losses

| Item | Basis for determining the portfolio | Methodology for measuring expected credit losses |
|--|-------------------------------------|---|
| Bankers' acceptances receivable | | Expected credit losses are calculated by reference to historical credit loss experience, taking into account current conditions and forecasts of future economic conditions, through default exposures and expected credit loss rates over the entire duration |
| Commercial acceptances receivable | Type of instrument | Prepare a table of expected credit losses by reference to historical credit loss experience, taking into account current conditions and projections of future economic conditions, and calculate expected credit losses by comparing the ageing of commercial paper receivables with the expected credit loss rate over the entire life of the receivable |
| Accounts receivable - ageing portfolio | age of accounts | Calculation of expected credit losses by reference to historical credit loss experience, current conditions and forecasts of future economic conditions by preparing a table of expected credit loss rates for the ageing of Accounts Receivable versus the expected credit loss rates for the entire life of the Accounts Receivable |
| Contract assets -- ageing portfolio | age of accounts | Calculation of expected credit losses by reference to historical credit loss experience, current conditions and forecasts of future economic conditions by preparing a table of expected credit loss rates for the ageing of contract assets compared to the expected credit loss rates over the life of the contracts |

2) Accounts Receivable - Ageing Portfolio's Ageing vs. Expected Credit Loss Ratio over the Entire Duration

| Age of accounts | Expected credit loss ratio on Accounts Receivable (%) |
|---------------------------------------|---|
| Within 1 year (inclusive, same below) | 5 |
| 1-2 years | 15 |
| 2-3 years | 30 |
| More than 3 years | 100 |

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, the company presents the net amount after offsetting each other in the balance sheet if the following conditions are simultaneously met: (1) the company has a legal right to offset the recognized amount and such legal right is currently enforceable; (2) the company plans to settle the net amount, or to realize the financial asset and settle the financial liability at the same time.

For transfers of financial assets that do not meet the conditions for derecognition, the Company does not offset the transferred financial assets and related liabilities.

11. Notes Receivable

Method of determining and accounting for expected credit losses on Notes Receivable

Applicable Not Applicable

Please refer to Note V.10 Financial Instruments

12. Accounts Receivable

Methods of determining and accounting for expected credit losses on Accounts Receivable

Applicable Not Applicable

Please refer to Note V.10 Financial Instruments

13. Receivables financing

Applicable Not Applicable

Please refer to Note V.10 Financial Instruments

14. Other receivables

Method of determining and accounting for expected credit losses on other receivables

Applicable Not Applicable

Please refer to Note V.10 Financial Instruments

15. Inventory

Applicable Not Applicable

1. Classification of inventories

Inventories include finished goods or merchandise held for sale in the ordinary course of activities, work in progress in the production process, and materials and supplies consumed in the production process or in the provision of services.

2. Method of valuation of inventory issued

The weighted average method of issuing inventories is used once at the end of the month.

3. Basis for determining net realizable value of inventories

At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and provision for inventory decline is made for the difference between the cost of individual inventories and their net realizable value. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation by the estimated selling price of the inventories, less estimated selling expenses and related taxes; the net realizable value of inventories requiring processing is determined in the normal course of production and operation by the estimated selling price of finished goods produced, less estimated costs to be incurred up to the time of completion, estimated selling expenses and related taxes; At the balance sheet date, if there is a contract price agreed for one part of the same inventory and no contract price exists for the other part, the net realizable value is determined separately and compared with its corresponding cost, and the amount of provision or reversal of

allowance for decline in value of inventories is determined separately.

4. Inventory system

The inventory system is a perpetual inventory system.

5. Method of amortization of low-value consumables and packing materials

(1) Low-value consumables

Amortized in accordance with the lump sum method.

(2) Packaging

Amortized in accordance with the lump sum method.

16. Contractual assets

(1). Methods and criteria for recognizing contract assets

Applicable Not Applicable

Assets relating to contract costs include contract acquisition costs and contract performance costs.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. If contract acquisition costs are amortized over a period of not more than one year, they are recognized directly in profit or loss when incurred.

Costs incurred by the Company for the performance of a contract, which are not subject to the scope of regulation of the relevant standards on inventories, fixed assets or intangible assets, and which simultaneously meet the following conditions, are recognized as an asset as contract performance costs:

1. This cost is directly related to a current or anticipated contract that has been awarded and includes direct labor, direct materials, manufacturing overhead (or similar costs), costs explicitly attributable to the customer, and other costs incurred solely as a result of that contract;
2. This cost increases the resources available to the Company to meet its performance obligations in the future;
3. The cost is expected to be recovered. The Company amortizes assets related to contract costs on the same basis as revenue is recognized for the goods or services to which the asset relates, through profit or loss.

If the carrying amount of an asset related to contract costs is greater than the remaining consideration expected to be obtained for the transfer of goods or services related to that asset, less estimated costs to be incurred, the Company makes an allowance for impairment and recognizes an asset impairment loss for the excess. If there is a subsequent change in the factors that impaired the asset in a prior period, such that the remaining consideration expected to be obtained for the transfer of goods or services related to the asset, less estimated costs to be incurred, is greater than the carrying amount of the asset, the reversal of the Provision for Impairment is recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset as of the date of the reversal assuming that no Provision for Impairment had been made.

(2). Method of determining and accounting for expected credit losses on contract assets√Applicable Not Applicable

Please refer to Note V.10 Financial Instruments

17. Assets held for saleApplicable Not Applicable**18. Debenture investment****Methods of determining and accounting for expected credit losses on debt investments**Applicable Not Applicable**19. Other debt investments****Method of determining expected credit losses and accounting treatment of other debt investments**Applicable Not Applicable**20. Long-term receivables****Method of determining and accounting for expected credit losses on long-term receivables**Applicable Not Applicable**21. Long-term equity investments**√Applicable Not Applicable**1. Judgment of joint control, significant influence**

Common control is recognized when there is shared control over an arrangement in accordance with relevant agreements and the activities related to the arrangement require the unanimous agreement of the participants sharing control before decisions can be made. Significant influence is recognized when there is power to participate in decision-making with respect to the financial and operating policies of the investee, but there is no ability to control, or share control with other parties over, the formulation of those policies.

2. Determination of investment costs

(1) If a business combination under the same control results in a merger in which the merging parties pay cash, transfer non-cash assets, assume liabilities or issue equity securities as consideration for the merger, the initial cost of the investment is recognized as the cost of investment at the date of the merger based on the acquisition of a share of the Book Value of the equity interests of the party to be merged in the consolidated financial statements of the party ultimately in control. The difference between the initial investment cost of a long-term equity investment and the Book Value of the merger consideration paid or the total nominal value of the shares issued is adjusted to capital surplus; if capital surplus is insufficient to cover the difference, it is adjusted to retained earnings.

The Company determines whether a long-term equity investment resulting from a business combination under the same control of the Company that is effected in stages through multiple transactions is a "package deal". If it is a "package deal", each transaction is accounted for as a single transaction for the purpose of obtaining control. If it is not a "package deal", the initial investment cost is determined at the date of consolidation based on the consolidated share of the Book Value of the net assets of the party to be consolidated in the consolidated financial statements of the party ultimately in control. The difference between the initial investment cost of the long-term equity investment at the date of consolidation and the sum of the Book Value of the long-term equity investment before consolidation

and the Book Value of the new consideration paid for the acquisition of further shares at the date of consolidation is adjusted to capital surplus; if capital surplus is not sufficient to be eliminated, it is adjusted to retained earnings.

(2) If a business combination is formed by a company not under the same control, its initial investment cost is recognized at the purchase date based on the fair value of the merger consideration paid.

The Company distinguishes between individual financial statements and consolidated financial statements for the accounting treatment related to long-term equity investments resulting from non-identical control business combinations achieved in stages through multiple transactions:

1) In the individual financial statements, the sum of the Book Value of the previously held equity investment and the cost of the additional investment is recognized as the initial investment cost for the change to the cost method of accounting.

2) In the consolidated financial statements, a judgment is made as to whether or not the transaction is a "package deal". If the transaction is a "package deal", each transaction is accounted for as a single transaction for the acquisition of control. If the transaction is not a "package deal", the equity interest in the acquiree held prior to the date of purchase is remeasured at the fair value of the equity interest on the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income; if the equity interest in the acquiree held prior to the date of purchase is related to other comprehensive income under the equity method, the difference is recognized as other comprehensive income under the equity method; if the equity interest in the acquiree held prior to the date of purchase is related to other comprehensive income under the equity method, the difference is recognized as other comprehensive income. Other comprehensive income, etc. related to the equity in the investee held prior to the date of purchase is transferred to current income. However, other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of the defined benefit plan by the investee is excluded.

(3) Except for those formed by a business combination: if the acquisition is made by cash payment, its initial investment cost shall be determined according to the actual purchase price paid; if the acquisition is made by the issuance of equity securities, its initial investment cost shall be determined according to the fair value of the equity securities issued; if the acquisition is made by debt restructuring, its initial investment cost shall be determined in accordance with the "Accounting Standards for Business Enterprises (ASBE) No. 12- Debt Restructuring, the initial investment cost is determined in accordance with ASBE No. 12 - Debt Restructuring; and the initial investment cost is determined in accordance with ASBE No. 7 - Non-Monetary Asset Exchanges if the acquisition is made through non-monetary asset exchanges.

3. Subsequent measurement and methods of recognizing gains and losses

Long-term equity investments in investees over which control is exercised are accounted for using the cost method; long-term equity investments in associates and joint ventures are accounted for using the equity method.

4. Treatment of stepwise disposal of investments in subsidiaries through multiple transactions to loss of control

(1) Individual financial statements

The difference between the Book Value and the actual acquisition price of the disposed equity interest is recognized in profit or loss for the current period. For the remaining equity interest, if it still has significant influence over the investee unit or exercises joint control with other parties, it is transferred to the equity method of accounting; if it can no longer exercise control, joint control or significant influence over the investee unit, it is accounted for in accordance with the relevant provisions of "ASBE No. 22 - Recognition and Measurement of Financial Instruments".

(2) Consolidated financial statements

1) Disposal of investments in subsidiaries through multiple transactions to the point of loss of control, which is not a "package deal".

Prior to the loss of control, the difference between the disposal price and the disposal long-term equity investment's corresponding share of the subsidiary's net assets calculated on a continuous basis from the date of purchase or the date of consolidation is adjusted to capital surplus (capital premium), and if capital premium is not sufficient to be eliminated, it is eliminated to retained earnings.

Upon loss of control over Atomics, the remaining equity interest is remeasured at its fair value as of the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the original subsidiary's net assets continuously calculated from the date of purchase or the date of consolidation based on the original shareholding ratio, is recognized as investment income for the period in which control is lost, and goodwill is eliminated. Other comprehensive income, such as other comprehensive income related to equity investments in the original subsidiaries, should be transferred to investment income in the current period when control is lost.

2) Disposal of investments in subsidiaries through multiple transactions to the point of loss of control, which is a "package deal".

Each transaction is accounted for as a disposal of a subsidiary with loss of control. However, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the investment disposed of in each case prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and transferred to profit or loss for the period in which the control is lost when the control is lost.

22. Investment property

Not applicable

23. Fixed assets

(1). Confirmation conditions

Applicable Not Applicable

Fixed assets are tangible assets that are held for use in the production of goods, provision of services, leasing or business management and have a useful life of more than one fiscal year. Fixed assets are recognized when both the inflow of economic benefits is probable and the cost can be measured reliably.

(2). Depreciation method

Applicable Not Applicable

| Type | Depreciation method | Depreciable life (years) | Salvage rate | Annual depreciation rate |
|-----------------------|----------------------------|--------------------------|--------------|--------------------------|
| Houses and Buildings | life-cycle averaging (LCA) | 20 | 4-5% | 4.8%-4.75% |
| General equipment | life-cycle averaging (LCA) | 3-5 | 5% | 31.67%-19% |
| Specialized equipment | life-cycle averaging (LCA) | 3-10 | 5% | 31.67%-9.5% |
| carrier | life-cycle averaging (LCA) | 3-5 | 5% | 31.67%-19% |
| Other equipment | life-cycle averaging (LCA) | 3-5 | 5% | 31.67%-19% |

(3). Basis of recognition, valuation and depreciation of fixed assets under finance leases

Applicable Not Applicable

24. Construction in Progress

Applicable Not Applicable

1. Construction in progress is recognized when both the inflow of economic benefits is probable and the cost can be measured reliably. Construction in progress is measured at the actual cost incurred until the asset is constructed and ready for its intended use. 2. When Construction in Progress reaches its intended use, it is transferred to fixed assets at the actual cost of construction. If the construction has reached its intended useable state but has not yet been finalized, it is first transferred to fixed assets at its estimated value, and then adjusted to the original provisional value at its actual cost after the finalization of the construction, but no further adjustment is made to the depreciation that has already been provided for.

25. Borrowing cost

Applicable Not Applicable

1. Principles for recognition of capitalized borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the cost of the related assets; other borrowing costs are recognized as expenses when incurred and included in profit or loss for the current period.

2. Period during which borrowing costs are capitalized

(1) Capitalization of borrowing costs begins when the following conditions are simultaneously met:

1) expenditures for the asset have been incurred; 2) borrowing costs have been incurred; and 3)

acquisition, construction, or production activities necessary to bring the asset to its intended use or marketable condition have begun.

(2) If there is an abnormal interruption in the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, capitalization of borrowing costs is suspended; borrowing costs incurred during the interruption period are recognized as a current expense until the acquisition or production of the asset recommences.

(3) Capitalization of borrowing costs ceases when the assets acquired, constructed, or produced that qualify for capitalization reach their intended use or saleable condition.

3. Borrowing costs capitalization rate and amount capitalized

If special borrowings are borrowed for the purpose of purchasing, constructing or producing assets eligible for capitalization, the amount of interest to be capitalized shall be determined by taking the actual interest expense incurred during the period of special borrowings (including the amortization of discount or premium determined in accordance with the effective interest rate method), less the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from making temporary investments; if general borrowings are used for the purpose of purchasing, constructing or producing assets eligible for capitalization, the amount of interest to be capitalized shall be calculated based on the weighted average number of cumulative asset expenditures in excess of asset expenditures multiplied by the capitalization rate of general borrowings used. If general borrowings are used for the acquisition or production of assets eligible for capitalization, the amount of interest to be capitalized on general borrowings is calculated by multiplying the weighted average number of cumulative asset expenditures in excess of those on special-purpose borrowings by the capitalization rate of the general borrowings used.

26. Biological asset

Applicable Not Applicable

27. Oil and gas assets

Applicable Not Applicable

28. Right-of-use assets

Applicable Not Applicable

A right-of-use asset is initially measured at cost, which consists of 1) the amount of the initial measurement of the lease liability, 2) the amount of lease payments made on or before the commencement date of the lease term, net of the amount relating to lease incentives already taken, if any; 3) the initial direct costs incurred by the lessee; and 4) the costs expected to be incurred by the lessee to dismantle and remove the leased asset, to rehabilitate the site on which the leased asset is located, or to restore the leased asset to the condition agreed in the terms of the lease. the lease terms.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over its remaining useful life. If it is not reasonably certain that the Company

will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset.

29. Intangible asset

(1). Valuation method, useful life, impairment testing

Applicable Not Applicable

1. Intangible assets, including land use rights, patents and non-patented technologies, are initially measured at cost.

2. Intangible assets with a finite useful life are amortized systematically and reasonably over their useful lives in accordance with the manner in which the economic benefits associated with the intangible asset are expected to be realized, or, if the manner of expected realization cannot be reliably determined, by the straight-line method. The specific years are as follows:

| Item | Amortization period (years) |
|----------------|--------------------------------|
| land use right | 38, 50 |
| hardware | 3 |

(2). Accounting policy for internal research and development expenditures

Applicable Not Applicable

Expenditures incurred during the research phase of internal research and development projects are recognized in profit or loss when incurred. Expenditures incurred during the development phase of an internal research and development project are recognized as intangible assets if the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and to use or sell it; (3) the intangible asset generates economic benefits in a manner that includes being able to demonstrate that there is a market for the products produced by applying the intangible asset or that the intangible asset market exists for the intangible asset itself, and where the intangible asset is to be used internally, the usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset; and (5) the expenditures attributable to the development phase of the intangible asset can be measured reliably.

30. Impairment of long-term assets

Applicable Not Applicable

For long-term assets such as long-term equity investments, property, plant and equipment, assets with rights of use, Construction in Progress, and intangible assets with finite useful lives, the recoverable amount is estimated if there is any indication of impairment at the balance sheet date. Goodwill and intangible assets with indefinite useful lives arising from business combinations are tested for impairment annually, regardless of whether there is any indication of impairment. Goodwill is tested for impairment in conjunction with the asset group or combination of asset groups to which it relates.

If the recoverable amount of the above long-term assets is less than their carrying amount, a provision for asset impairment is recognized for the difference and recognized in profit or loss.

31. Long-term amortized expenses

Applicable Not Applicable

Long-term amortized expenses account for expenses that have been expensed and amortized over a period of one year or more (excluding one year). Long-term amortized expenses are recorded at the actual amount incurred and are amortized equally over the period of benefit or over a specified period of time. If a long-term amortized expense item does not benefit a future accounting period, the unamortized amortized value of the item is transferred to profit or loss for the current period.

32. Contractual liabilities

Method of recognizing contract liabilities

Applicable Not Applicable

The company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The company presents contract assets and contract liabilities under the same contract on a net basis after offsetting them against each other. The Company presents as receivables the rights it has to receive consideration from customers that are unconditional (i.e., dependent only on the passage of time), and as contract assets the rights it has to receive consideration for goods that have been transferred to customers (which are dependent on factors other than the passage of time). The Company presents its obligation to transfer goods to customers for consideration received or receivable from customers as a contractual liability.

33. Remuneration of employees

(1) Accounting treatment of short-term remuneration

Applicable Not Applicable

In the accounting period in which employees provide services to the company, the actual short-term compensation incurred is recognized as a liability and included in profit or loss or the cost of the related assets.

(2) Accounting treatment of post-employment benefits

Applicable Not Applicable

Post-employment benefits are categorized into defined contribution plans and defined benefit plans.

(1) During the accounting period in which employees provide services to the Company, the amount of contributions payable calculated in accordance with the defined contribution plan is recognized as a liability and charged to current profit or loss or the cost of the related assets.

(2) The accounting treatment of a defined benefit plan typically includes the following steps:

1) Measurement of the obligation arising from the defined benefit plan and determination of the period over which the obligation falls, based on the projected accumulated benefit unit method, using

unbiased and mutually consistent actuarial assumptions for estimating the relevant demographic and financial variables, among others. At the same time, the obligations arising from the defined benefit plans are discounted to determine the present value of the defined benefit plan obligations and the current service cost;

(2) Where there are assets in the defined benefit plan, the deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. Where a defined benefit plan has a surplus, the net defined benefit plan asset is measured at the lower of the surplus of the defined benefit plan or the asset limit;

3) At the end of the period, employee compensation costs arising from defined benefit plans are recognized as service costs, net interest on net liabilities or net assets of the defined benefit plans, and changes arising from the remeasurement of net liabilities or net assets of the defined benefit plans, with service costs and net interest on net liabilities or net assets of the defined benefit plans recognized in profit or loss or in the cost of the related assets, and changes arising from the remeasurement of net liabilities or net assets of the defined benefit plans recognized in other comprehensive income, and are not allowed to be reversed to profit or loss in subsequent periods, but these amounts recognized in other comprehensive income can be transferred within equity. changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan are recognized in other comprehensive income and are not allowed to be reversed to profit or loss in subsequent accounting periods, but these amounts recognized in other comprehensive income can be transferred within equity.

(3) Accounting for termination benefits

Applicable Not Applicable

For severance benefits provided to employees, an employee compensation liability arising from severance benefits is recognized in profit or loss at the earlier of (1) when the Company is unable to unilaterally withdraw severance benefits provided as a result of a plan of termination or a proposal for downsizing, and (2) when the Company recognizes costs or expenses related to a restructuring that involves the payment of severance benefits.

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

Applicable Not Applicable

Other long-term benefits provided to employees are accounted for in accordance with the relevant provisions of the defined contribution plan if they are eligible for the defined contribution plan; other than that, they are accounted for in accordance with the relevant provisions of the defined benefit plan, and for the purpose of simplifying the relevant accounting treatment, the employee compensation costs incurred thereof are recognized as service costs, the net interest on the net liability or net asset for other long-term employee benefits, and the re The total net amount of the component items, such as the change arising from the measurement of the net liability or net asset for other long-term employee benefits, is recognized in profit or loss for the period or in the cost of the related assets.

34. Lease liabilitiesApplicable Not Applicable

On the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. The present value of the lease payments is calculated using the interest rate implicit in the lease as the discount rate, or if the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized financing expense, and interest expense is recognized in profit or loss over the lease term at the rate that discounts the present value of the lease payments recognized. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the amount of substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or ratio used to determine the amount of lease payments, or a change in the appraisal results of or actual exercise of the option to purchase, renew or terminate the lease, the Company re-measures the lease liability based on the present value of the lease payments after the change and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the remaining amount is recognized in profit or loss for the current period.

35. Projected liabilityApplicable Not Applicable**36. Share-based payment**Applicable Not Applicable**1. Type of share-based payment**

Includes equity-settled share-based payments and cash-settled share-based payments.

2. Accounting treatment related to implementation, modification and termination of share-based payment plans**(1) Equity-settled share-based payments**

Equity-settled share-based payments in exchange for employee services that are exercisable immediately after grant are recognized at the grant date in the relevant cost or expense at the fair value of the equity instrument, with a corresponding adjustment to capital surplus. For equity-settled share-based payments in exchange for employee services that are exercisable only upon completion of the services within the waiting period or upon fulfillment of specified performance conditions, at each balance sheet date during the waiting period, based on the best estimate of the number of equity instruments that will become exercisable, the services acquired in the current period are recognized in the relevant cost or expense at the fair value of the equity instruments at the date of grant, with a corresponding adjustment to capital surplus.

Equity-settled share-based payments in exchange for services from other parties are measured at the fair value of the services from other parties at the date of acquisition if the fair value of the services from

other parties can be measured reliably; if the fair value of the services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, the equity instruments are measured at the fair value of the equity instruments at the date of acquisition of the services, which is included in the related costs or expenses, and correspondingly increase the Owners' equity.

(2) Cash-settled share-based payments

Cash-settled share-based payments in exchange for employee services that are exercisable immediately after the grant are recognized at the grant date at the fair value of the liability assumed by the company in the related cost or expense, with a corresponding increase in the liability. For cash-settled share-based payments in exchange for employee services that are exercisable upon completion of the waiting period or fulfillment of specified performance conditions, the services acquired during the period are recognized in the relevant cost or expense and the corresponding liability at the fair value of the liability assumed by the Company at each balance sheet date during the waiting period, based on the best estimation of the circumstances under which the rights will be exercisable.

(3) Modification and termination of share-based payment plans

If the modification increases the fair value of the equity instruments granted, the company recognizes an increase in acquired services commensurate with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the company recognizes the increase in the fair value of the equity instruments commensurate with the increase in the acquisition of services; if the company modifies the conditions of feasibility in a manner that is favorable to the employee, the company treats the conditions of feasibility in , the company considers the modified feasibility conditions.

If the modification reduces the fair value of the equity instrument granted, the company continues to recognize the amount of services acquired based on the fair value of the equity instrument at the date of grant without regard to the reduction in the fair value of the equity instrument; if the modification reduces the number of equity instruments granted, the company treats the reduction as a cancellation of the equity instrument granted; and if the feasibility condition is modified in a manner that is unfavorable to the employees conditions, the modified feasibility conditions are not taken into account in the treatment of the feasibility conditions.

If the Company cancels an equity instrument granted or settles an equity instrument granted during the waiting period (except for cancellations due to failure to satisfy the conditions for exercisability), the cancellation or settlement is treated as an acceleration of exercisability, with immediate recognition of the amount that would otherwise have been recognized over the remaining waiting period.

37. Preferred Stocks, perpetual bonds and other financial instruments

Applicable Not Applicable

38. Incomes

(1). Accounting policies used for revenue recognition and measurement

Applicable Not Applicable

Revenue recognition principles

On the commencement date of a contract, the Company evaluates the contract, identifies each individual performance obligation included in the contract and determines whether each individual performance obligation is to be performed within a certain time period or at a certain point in time.

A performance obligation is satisfied at a point in time if one of the following conditions is met; otherwise, it is satisfied at a point in time if (1) the customer acquires and consumes the economic benefits of the company's performance concurrently with the company's performance; (2) the customer is able to control the commodities being constructed by the company in the course of the company's performance; and (3) the commodities produced by the company in the course of the company's performance have a non-substitutable use and the company is entitled to receive payment for the cumulative portion of performance completed to date throughout the contract period. the company is entitled to receive payment for the portion of the performance that has been completed to date, cumulatively.

For performance obligations that are to be fulfilled within a certain period of time, the company recognizes revenue over that period of time based on the progress of performance. When the progress of performance is not reasonably determinable, revenue is recognized at the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred are expected to be reimbursed. For performance obligations that are fulfilled at a point in time, revenue is recognized at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has obtained control of the merchandise, the Company considers the following indications: (1) the Company has a present right to receive payment for the merchandise, which means that the customer has a present obligation to pay for the merchandise; (2) the Company has transferred legal title of the merchandise to the customer, which means that the customer has legal title to the merchandise; (3) the Company has physically transferred the merchandise to the customer, which means that the customer has physical possession of the merchandise; and (4) the company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e., the customer has acquired the principal risks and rewards of ownership of the commodity; (5) the customer has accepted the commodity; and (6) other indications that the customer has acquired control of the commodity.

2. Principles of income measurement

(1) The Company measures revenue based on the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer.

(2) Where variable consideration exists in a contract, the company determines the best estimate of the variable consideration on the basis of the expectation or the most likely amount to be incurred, provided that the price of the transaction incorporating the variable consideration does not exceed the amount by which it is highly probable that the cumulative amount of recognized revenue will not be materially reversed by the time the related uncertainty is removed.

(3) Where there is a significant financing element in a contract, the Company determines the transaction price on the basis of the amount payable that is assumed to be paid in cash by the customer as soon as the customer obtains control of the goods or services. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. If, on the commencement date of the contract, the Company expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price will not exceed one year, the significant financing element of the contract is not considered.

(4) If a contract contains two or more performance obligations, the company apportions the transaction price to each individual performance obligation on the contract start date in relative proportion to the individual selling price of the goods promised under each individual performance obligation.

3. Specific methods of revenue recognition

The sale and modification of the Company's equipment and related accessories is the fulfillment of a performance obligation at a certain point in time. For the sale of equipment and related accessories subject to commissioning and acceptance, all contracted goods are delivered to the buyer and installed, commissioned and put into trial operation in accordance with the time, delivery method and delivery location agreed in the contract, and revenue is recognized after the buyer's acceptance and obtaining the acceptance certificate confirmed by the buyer. Sales of equipment and related accessories that require only inspection and delivery are shipped in accordance with the shipment time confirmed in the contract, and revenue is recognized after the buyer has inspected and accepted the products in terms of quantity, model, specifications and packaging status.

(2). Differences in accounting policies for revenue recognition due to the use of different operating models for the same type of business

Applicable Not Applicable

39. Contract cost

Applicable Not Applicable

Assets relating to contract costs include contract acquisition costs and contract performance costs. Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. If the amortization period of contract acquisition costs does not exceed one year, they are recognized directly in profit or loss when incurred. Costs incurred by the company for the performance of a contract, which are not applicable to the scope of regulation of the relevant standards on inventories, fixed assets or intangible assets and at the same time satisfy the following conditions, are recognized as an asset as contract performance costs: the cost is directly related to a current or expected contract to be acquired, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer, and other costs incurred solely as a result of that contract the cost increases the company's resources available to meet future performance obligations; and the cost is expected to be recovered. The company amortizes assets related to contract costs on the same basis as it recognizes revenue from the goods or services to which

the asset relates, through profit or loss. If the carrying value of an asset related to contract costs is greater than the remaining consideration expected to be received for the transfer of goods or services related to that asset, less estimated costs to be incurred, the company makes an allowance for the excess and recognizes an asset impairment loss. If there is a subsequent change in the factors that impaired the asset in a prior period, such that the remaining consideration expected to be obtained from the transfer of goods or services related to the asset, less estimated costs to be incurred, is greater than the carrying amount of the asset, the reversal of the Provision for Impairment is recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset as of the date of the reversal assuming that no Provision for Impairment had been made.

40. Government grant

Applicable Not Applicable

1. Government grants are recognized when the following conditions are simultaneously met: (1) the company is able to meet the conditions attached to the government grant; and (2) the company is able to receive the government grant. If a government grant is a monetary asset, it is measured at the amount received or receivable. If the government grants are non-monetary assets, they are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount.

2. Basis of judgment and accounting treatment of government grants related to assets

Government grants that are stipulated in government documents to be used for the purchase, construction or other formation of long-term assets are classified as asset-related government grants. If government documents are unclear, government grants are judged on the basis of the basic conditions that must be met in order to obtain the grants, and those that are based on the basic conditions of purchasing, constructing or otherwise forming long-term assets are classified as asset-related government grants. Government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. If the government grants related to assets are recognized as deferred income, they are recognized in profit or loss in a reasonable and systematic manner over the useful lives of the related assets. Government grants that are measured at a nominal amount are recognized directly in profit or loss. If the related assets are sold, transferred, retired or destroyed before the end of their useful lives, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the assets are disposed of.

3. Basis of judgment and accounting treatment of government grants related to revenue

Government grants other than asset-related government grants are classified as revenue-related government grants. For government grants that contain both asset-related and revenue-related components, if it is difficult to distinguish between asset-related and revenue-related government grants, the entire government grant is categorized as revenue-related government grants. Government grants related to income that are used to compensate for related costs or losses in future periods are recognized as deferred income and are credited to current profit or loss or charged to current cost in the period in which the related costs or losses are recognized; those that are used to compensate for related costs or

losses that have already been incurred are directly credited to current profit or loss or charged to current cost.

4. Government grants related to the Company's daily operating activities are recognized in other income or offset against related costs and expenses in accordance with the substance of the economic operations. Government grants that are not related to the Company's daily activities are recognized as non-operating income and expenses.

41. Deferred income tax assets/deferred income tax liabilities

Applicable Not Applicable

1. Deferred income tax assets or deferred income tax liabilities are recognized for the difference between the carrying amount of an asset or liability and its tax base (or, if the tax base of an item not recognized as an asset or liability can be determined in accordance with the provisions of the Tax Act, the difference between that tax base and its carrying amount) calculated using the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled.

2. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred tax assets not recognized in prior periods are recognized when, at the balance sheet date, it is probable that sufficient taxable income will be available in future periods to allow the deductible temporary differences to be utilized.

3. The carrying amount of deferred tax assets is reviewed at the balance sheet date and written down to the extent that it is more likely than not that sufficient taxable income will not be available to offset the benefit of deferred tax assets in future periods. The amount of the write-down is reversed when it is more likely than not that sufficient taxable income will be available.

4. The Company's current and deferred income taxes are recognized as income tax expense or benefit in profit or loss for the current period, excluding income taxes arising from: (1) business combinations; and (2) transactions or events that are recognized directly in owners' equity.

42. Tenancy

(1). Accounting for operating leases

Applicable Not Applicable

The Company recognizes lease receipts as rental income on a straight-line basis in each period of the lease term, and initial direct costs incurred are capitalized and amortized on the same basis as rental income recognition and recognized in profit or loss in the current period. Variable lease payments made by the Company in connection with operating leases that are not recognized as lease receipts are recognized in profit or loss when they are actually incurred.

(2). Accounting for finance leases

Applicable Not Applicable

At the inception date of the lease term, the Company recognizes a finance lease receivable based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the inception date of the lease term discounted at the interest rate embedded in the lease) and derecognizes the asset under the finance lease. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate embedded in the lease.

Variable lease payments acquired by the Company that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred.

(3). Methods of determining leases under the new leasing standards and accounting treatment

Applicable Not Applicable

1. Company as lessee

On the commencement date of the lease term, the Company recognizes as short-term leases those leases that have a term of no more than 12 months and do not include an option to purchase, and recognizes as low-value asset leases those leases that would have a lower value if the individual leased asset were a brand-new asset. Where the Company subleases or expects to sublease a leased asset, the original lease is not recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the Company recognizes the lease payments as part of the cost of the related asset or in profit or loss on a straight-line basis in each period during the lease term.

With the exception of short-term leases and leases of low-value assets, which are treated using the simplified approach described above, the Company recognizes a right-of-use asset and a lease liability for leases on the lease term commencement date.

(1) Right-of-use assets

A right-of-use asset is initially measured at cost, which consists of 1) the amount of the initial measurement of the lease liability, 2) the amount of lease payments made on or before the commencement date of the lease term, net of the amount relating to lease incentives already taken, if any; 3) the initial direct costs incurred by the lessee; and 4) the costs expected to be incurred by the lessee to dismantle and remove the leased asset, to rehabilitate the site on which the leased asset is located, or to restore the leased asset to the condition agreed in the terms of the lease.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over its remaining useful life. If it is not reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset.

(2) Lease liabilities

On the lease commencement date, the Company recognizes the present value of the outstanding lease payments as a lease liability. The present value of the lease payments is calculated using the interest rate implicit in the lease as the discount rate, or if the interest rate implicit in the lease cannot be

determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized financing expense, and interest expense is recognized in profit or loss over the lease term at the rate that discounts the present value of the lease payments recognized. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the amount of substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or ratio used to determine the amount of lease payments, or a change in the appraisal results of or actual exercise of the option to purchase, renew or terminate the lease, the Company re-measures the lease liability based on the present value of the lease payments after the change and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the remaining amount is recognized in profit or loss for the current period.

2. Company as lessor

At the inception date of a lease, the Company classifies leases that transfer substantially all of the risks and rewards associated with ownership of the leased asset as finance leases and all other leases as operating leases.

(1) Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis in each period of the lease term, and initial direct costs incurred are capitalized and amortized on the same basis as rental income recognition and recognized in profit or loss in the current period. Variable lease payments made by the Company in connection with operating leases that are not recognized as lease receipts are recognized in profit or loss when they are actually incurred. .

(2) Financial leases

At the inception date of the lease term, the Company recognizes a finance lease receivable based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the inception date of the lease term discounted at the interest rate embedded in the lease) and derecognizes the asset under the finance lease. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate embedded in the lease.

Variable lease payments acquired by the Company that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred .

43. Other significant accounting policies and accounting estimates

Applicable Not Applicable

44. Changes in significant accounting policies and accounting estimates**(1). Changes in significant accounting policies**

Applicable Not Applicable

| What and why changes in accounting policies | Approval process | Remarks (names and amounts of statement items materially affected) |
|---|--------------------------------|--|
| The Company has implemented the provisions of ASBE Interpretation No. 16, "Accounting for Deferred Income Taxes Related to Assets and Liabilities Arising from Individual Transactions Not Subject to the Initial Recognition Exemption," issued by the Ministry of Finance, beginning in 2023. | Approved by company management | See other notes for details |
| | | |

Other notes:

Effective 2023, the Company will implement the provisions of ASBE Interpretation No. 16, "Accounting for Deferred Taxes on Assets and Liabilities Arising from Individual Transactions Not Subject to the Initial Recognition Exemption," issued by the Ministry of Finance, and will adjust for individual transactions applicable to this provision that occur between the beginning of the earliest period for which the financial statements will be presented in the period in which this provision is first implemented and the date of its first implementation. Adjustments are made to individual transactions to which the provision applies. Lease liabilities and right-of-use assets recognized as a result of a single transaction to which this provision applies at the beginning of the earliest period for which the financial statements are presented for the first time, as well as projected liabilities related to abandonment obligations and the corresponding related assets, which give rise to taxable and deductible temporary differences, are adjusted in accordance with the provisions of this provision and Accounting Standard No. 18 - "Income Taxes". -Income Taxes, the cumulative effect is adjusted to opening retained earnings and other related financial statement items in the earliest period for which the financial statements are presented. The details of the adjustments are as follows:

| Significantly affected statement items | Amount of impact | Remarks |
|--|------------------|---------|
| Balance sheet items at December 31, 2022 | | |
| Deferred tax assets | 21,148.56 | |
| Unallocated profit | 48,250.52 | |
| Taxes payable | -27,101.96 | |

(2). Significant changes in accounting estimates

Applicable Not Applicable

(3). First-time implementation of new accounting standards or interpretations, etc. from 2023 onwards involves adjustments to the financial statements at the beginning of the year of first implementation

Applicable Not Applicable

45. Others

Applicable Not Applicable

VI. Tax items

1. Major taxes and rates

Major tax types and rates

Applicable Not Applicable

| Tax types | Taxable basis | Tax rate |
|--|--|---|
| Value-added tax (VAT) | Calculate output tax on the basis of income from the sale of goods and taxable services calculated in accordance with the provisions of the Tax Law, and after deducting the input tax allowed for deduction in the current period, the difference will be the value-added tax payable | 13%, 9%, 6%, exported goods enjoy the "exemption, credit, refund" policy, the tax refund rate is 13%. |
| Sales tax | / | / |
| Business tax | / | / |
| Urban maintenance and construction tax | Actual amount of turnover tax paid | 7% |
| Corporate income tax | taxable income | For details, please refer to "Description of Income Tax Rates for Different Taxable Entities". |
| Property tax | For ad valorem levies, 1.2% of the residual value of the property after a one-time deduction of 30% of the original value of the property; for rent-based levies, 12% of the rental income. | 1.2%, 12% |
| Education surcharge | Actual amount of turnover tax paid | 3% |
| Local education surcharge | Actual amount of turnover tax paid | 2% |

Disclosure of the existence of taxable entities with different corporate income tax rates

Applicable Not Applicable

| Name of taxable entity | Income tax rate (%) |
|---|---------------------|
| Company | 15% |
| Horec Electronic Trading Japan Co., Ltd. and Japan New Energy Equipment Co. | |
| HangKe Electronics Co. | |
| HK POWER Co., Ltd | |
| HangKe Electronic Trading Hong Kong Limited | 8.25%, 16.50% |
| HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD. | 24% |
| HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA | 19% |
| HangKe Technology Inc | |

| | |
|--------------------------------|---------|
| HK Technology, Inc | |
| HangKe Technology Germany GmbH | 15.825% |

[Note 1] This is the consolidated tax rate for small and medium-sized companies, which includes corporate tax and corporate business tax, etc. The consolidated tax rate is 22.46% for taxable income of less than 4 million yen, 24.90% for taxable income of more than 4 million yen and less than 8 million yen, and 36.81% for taxable income of more than 8 million yen. The company's consolidated tax rate for the period was 22.46%

[Note 2] The tax rate is 10% for taxable income of less than KRW 200 million, 20% for taxable income of more than KRW 200 million and less than KRW 20 billion, and 22% for taxable income of more than KRW 20 billion. Loss for the period HangKe Electronics Corporation, HK POWER Co., Ltd.

[Note 3] Income tax returns are filed with the U.S. Federal Internal Revenue Service and the California Department of Revenue, respectively, at a federal income tax rate of 21% and a California income tax rate of 8.84%

2. Tax incentives

Applicable Not Applicable

1. According to the High and New Technology Enterprise Certificate issued by the Science and Technology Department of Zhejiang Province, the Finance Bureau of Zhejiang Province and the Tax Bureau of Zhejiang Province of the State Administration of Taxation, the Company has been recognized as a High and New Technology Enterprise, and the qualification will be valid for three years (2021-2023), and the Company is subject to enterprise income tax at a rate of 15%.

2. Pursuant to the Circular on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, the Company is entitled to the preferential policy of immediate tax reimbursement for the portion of the actual negative tax on value-added tax in excess of 3% on the sale of software products that are self-developed and produced by the Company and are subject to a value-added tax ("VAT") at the rate of 13%.

3. Others

Applicable Not Applicable

VII. Notes to the Consolidated Financial Statements

1. Money Funds

Applicable Not Applicable

| Item | Unit: Yuan Currency: RMB | |
|------------------------------|--------------------------|------------------|
| | Closing Balance | Opening Balance |
| Cash on hand | 482,176.61 | 521,994.63 |
| Bank deposits | 2,883,170,286.72 | 2,036,446,354.70 |
| Other monetary funds | 491,851,630.84 | 168,011,760.44 |
| Total | 3,375,504,094.17 | 2,204,980,109.77 |
| Where: total deposits abroad | 312,731,672.70 | 212,671,971.26 |

| | | |
|---------------------------------|--|--|
| Deposits with finance companies | | |
|---------------------------------|--|--|

Other notes:

Monetary funds at the end of the period included RMB329,595,485.82 for bank acceptance deposits and RMB162,256,142.02 for guarantee deposits, totaling RMB491,851,630.84, which are not cash and cash equivalents.

2. Financial Assets Held for Trading

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|---|-----------------|-----------------|
| Financial assets that are measured at fair value and whose changes are included in current profits and losses | 4,891,527.96 | 8,470,694.76 |
| Where: | | |
| Equity Instruments | 4,891,527.96 | 8,470,694.76 |
| | | |
| Financial assets that are specified to be measured at fair value and whose changes are included in current profits and losses | | |
| Where: | | |
| | | |
| | | |
| Total | 4,891,527.96 | 8,470,694.76 |

Other notes:

Applicable Not Applicable

3. Derivative Financial Asset

Applicable Not Applicable

4. Notes Receivable

(1). Notes receivable are presented in a categorized manner

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|----------------------------|-----------------|-----------------|
| Banker's Acceptance | 54,169,563.69 | 58,049,060.67 |
| Commercial Promissory Note | | |
| Total | 54,169,563.69 | 58,049,060.67 |

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

Applicable Not Applicable

(3). Notes receivable end of period that have been endorsed or discounted by the Company and are not yet due at the balance sheet date

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Amounts derecognized at the end of the period | Amounts not derecognized at the end of the period |
|----------------------------|---|---|
| Banker's Acceptance | | 25,810,000.00 |
| Commercial Promissory Note | | |
| Total | | 25,810,000.00 |

(4). Notes converted to Accounts Receivable by the company at the end of the period due to non-performance by the issuer

 Applicable Not Applicable

(5). Disclosure by bad debt accrual method

 Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Closing Balance | | | | | Opening Balance | | | | |
|--|-----------------|----------------|-------------------------|-------------------|---------------|-----------------|----------------|-------------------------|-------------------|---------------|
| | Carrying Amount | | Provision for Bad Debts | | Book Value | Carrying Amount | | Provision for Bad Debts | | Book Value |
| | Amount | Proportion (%) | Amount | Accrual Ratio (%) | | Amount | Proportion (%) | Amount | Accrual Ratio (%) | |
| Provision for bad debts on an individual basis | | | | | | | | | | |
| Where: | | | | | | | | | | |
| Banker's Acceptance | | | | | | | | | | |
| Commercial Promissory Note | | | | | | | | | | |
| Provision for bad debts by portfolio | 54,169,563.69 | 100.00 | | | 54,169,563.69 | 58,049,060.67 | 100.00 | | | 58,049,060.67 |
| Where: | | | | | | | | | | |
| Banker's Acceptance | 54,169,563.69 | 100.00 | | | 54,169,563.69 | 58,049,060.67 | 100.00 | | | 58,049,060.67 |
| Commercial Promissory Note | | | | | | | | | | |
| Total | 54,169,563.69 | / | | / | 54,169,563.69 | 58,049,060.67 | / | | / | 58,049,060.67 |

Provision for bad debts is made on an individual basis:

 Applicable Not Applicable

Provision for bad debts is made on a portfolio basis:

 Applicable Not Applicable

Portfolio accruals: bankers' acceptances

Unit: Yuan Currency: RMB

| Name | Closing Balance | | |
|----------------------|------------------|-------------------------|-------------------|
| | Notes Receivable | Provision for Bad Debts | Accrual Ratio (%) |
| Bankers' Acceptances | 54,169,563.69 | | |

| | | | |
|----------------------------------|---------------|--|--|
| Portfolio | | | |
| Commercial Acceptances Portfolio | | | |
| Total | 54,169,563.69 | | |

Criteria and description of recognition of bad debts by portfolio

Applicable Not Applicable

For details, see Section X. Financial Reporting V. Significant Accounting Policies and Accounting

Estimates 10. Financial Instruments

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not Applicable

(6). Provision for bad debts

Applicable Not Applicable

(7). Actual write-off of Notes Receivable during the period

Applicable Not Applicable

Other notes:

Applicable Not Applicable

The Company's Notes Receivable include bankers' acceptances and commercial acceptances, Where the acceptors of bankers' acceptances include large commercial banks, listed joint-stock banks, other commercial banks and finance companies. The Company classified the credit ratings of the acceptors of bankers' acceptances based on the principle of prudence and categorized them as having high credit ratings, including six large commercial banks, namely, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and Postal Savings Bank of China, China Merchants Bank, Pudong Development Bank, China CITIC Bank, China Everbright Bank, China Huaxia Bank, China Minsheng Banking Corporation and Ping An Bank, China Pudong Development Bank, China CITIC Bank, China Everbright Bank, Huaxia Bank, China Minsheng Bank, Ping An Bank, Industrial Bank and Zheshang Bank. Those with average credit ratings include commercial banks and finance companies other than those mentioned above.

Bank acceptances accepted by commercial banks and finance companies with average credit ratings and commercial acceptances are not derecognized at the time of endorsement or discounting, but are derecognized upon maturity of the instruments.

5. Accounts Receivable

(1). Disclosure by Age

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Age of Accounts | Closing Book Balance |
|----------------------------------|----------------------|
| Within 1 year | |
| Where: less than 1 year sub-item | |

| | |
|---------------------------|------------------|
| Within 1 year | 1,208,786,896.29 |
| Subtotal less than 1 year | 1,208,786,896.29 |
| 1 to 2 years | 858,997,813.06 |
| 2 to 3 years | 124,750,184.05 |
| More than 3 years | 82,460,792.01 |
| 3 to 4 years | |
| 4 to 5 years | |
| More than 5 years | |
| Total | 2,274,995,685.41 |

(2). Disclosure by bad debt accrual method

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Type | Closing Balance | | | | | Opening Balance | | | | |
|---|------------------|----------------|-------------------------|-------------------|------------------|------------------|----------------|-------------------------|-------------------|------------------|
| | Carrying Amount | | Provision for Bad Debts | | Book Value | Carrying Amount | | Provision for Bad Debts | | Book Value |
| | Amount | Proportion (%) | Amount | Accrual Ratio (%) | | Amount | Proportion (%) | Amount | Accrual Ratio (%) | |
| Provision for bad debts on an individual basis | 49,316,495.73 | 2.17 | 43,021,495.73 | 87.24 | 6,295,000.00 | 36,726,495.73 | 1.97 | 36,726,495.73 | 100.00 | 0.00 |
| Where: | | | | | | | | | | |
| Provision for bad debts on an individual basis | 49,316,495.73 | 2.17 | 43,021,495.73 | 87.24 | 6,295,000.00 | 36,726,495.73 | 1.97 | 36,726,495.73 | 100.00 | 0.00 |
| Provision for bad debts by portfolio | 2,225,679,189.68 | 97.83 | 270,559,868.27 | 12.16 | 1,955,119,321.41 | 1,824,062,926.27 | 98.03 | 150,898,002.35 | 8.27 | 1,673,164,923.92 |
| Where: | | | | | | | | | | |
| Accounts receivable with bad debt provision based on a combination of credit risk characteristics | 2,225,679,189.68 | 97.83 | 270,559,868.27 | 12.16 | 1,955,119,321.41 | 1,824,062,926.27 | 98.03 | 150,898,002.35 | 8.27 | 1,673,164,923.92 |

| | | | | | | | | | | |
|-------|------------------|---|----------------|---|------------------|------------------|---|----------------|---|------------------|
| Total | 2,274,995,685.41 | / | 313,581,364.00 | / | 1,961,414,321.41 | 1,860,789,422.00 | / | 187,624,498.08 | / | 1,673,164,923.92 |
|-------|------------------|---|----------------|---|------------------|------------------|---|----------------|---|------------------|

Provision for bad debts is made on an individual basis:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name | Closing Balance | | | |
|--|-----------------|-------------------------|-------------------|---|
| | Carrying Amount | Provision for Bad Debts | Accrual Ratio (%) | Reasons for the provision |
| Jiangxi Weile Battery Co., Ltd. | 12,590,000.00 | 6,295,000.00 | 50.00 | Tight client liquidity and high risk of recovery |
| Hubei Xingquan Machinery Equipment Co., Ltd. | 36,726,495.73 | 36,726,495.73 | 100.00 | Tight client liquidity and low likelihood of recovery of payments |
| Total | 49,316,495.73 | 43,021,495.73 | 87.24 | / |

A description of the Provision for Bad Debts on an individual basis:

Applicable Not Applicable

Provision for bad debts is made on a portfolio basis:

Applicable Not Applicable

Portfolio accruals: Accounts Receivable for which bad debt provisions are made based on a combination of credit risk characteristics

Unit: Yuan Currency: RMB

| Name | Closing Balance | | |
|-------------------|---------------------|-------------------------|-------------------|
| | Accounts Receivable | Provision for Bad Debts | Accrual Ratio (%) |
| Within 1 year | 1,208,786,896.29 | 60,439,344.81 | 5.00 |
| 1-2 years | 846,407,813.06 | 126,961,171.96 | 15.00 |
| 2-3 years | 124,750,184.05 | 37,425,055.22 | 30.00 |
| More than 3 years | 45,734,296.28 | 45,734,296.28 | 100.00 |
| Total | 2,225,679,189.68 | 270,559,868.27 | 12.16 |

Criteria and description of recognition of bad debts by portfolio:

Applicable Not Applicable

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not Applicable

(3). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Opening Balance | Amount of change during the period | | | | Closing Balance |
|------------------------------------|-----------------|------------------------------------|----------------------|-----------------------|---------------|-----------------|
| | | Make Provision | Recovery or reversal | Re-sale or Write-Offs | Other changes | |
| Individual Provision for Bad Debts | 36,726,495.73 | 6,295,000.00 | | | | 43,021,495.73 |

| | | | | | | |
|--------------------------------------|----------------|----------------|--|--|--|----------------|
| Provision for bad debts by portfolio | 150,898,002.35 | 119,661,865.92 | | | | 270,559,868.27 |
| Total | 187,624,498.08 | 125,956,865.92 | | | | 313,581,364.00 |

Where the amount of bad debt provision recovered or reversed during the period is significant:

Applicable Not Applicable

(4). Actual Accounts Receivable written off during the period

Applicable Not Applicable

(5). Top five Accounts Receivable by party owed at end of period

Applicable Not Applicable

| Name of Unit | Closing Balance | Percentage of total closing balance of Accounts Receivable (%) | Closing Balance of Provision for Bad Debts |
|--------------|------------------|--|--|
| First Place | 610,007,770.40 | 26.81 | 56,864,911.67 |
| Second Place | 537,781,103.22 | 23.64 | 52,471,685.16 |
| Third Place | 142,409,777.60 | 6.26 | 16,252,112.34 |
| Fourth Place | 135,795,531.72 | 5.97 | 18,584,213.45 |
| Fifth Place | 128,803,000.00 | 5.66 | 17,584,100.00 |
| Total | 1,554,797,182.94 | 68.34 | 161,757,022.62 |

(6). Receivables derecognized due to transfer of financial assets

Applicable Not Applicable

(7). Amounts of assets and liabilities resulting from the transfer of receivables and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

6. Receivables financing

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|---------------------|-----------------|-----------------|
| Banker's Acceptance | 37,329,653.77 | 17,904,210.81 |
| Total | 37,329,653.77 | 17,904,210.81 |

Changes in receivables financing during the period and changes in fair value:

Applicable Not Applicable

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Notes receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date

| Item | Termination at end of period Confirmed amount |
|---------------------|--|
| Banker's Acceptance | 65,770,619.86 |
| Subtotal | 65,770,619.86 |

The acceptors of bankers' acceptances are commercial banks. Since commercial banks have high creditworthiness, the probability those bankers' acceptances will not be paid when due is low, so the Company derecognizes bankers' acceptances that have been endorsed or discounted. However, if the notes are not paid at maturity, the Company will still be jointly and severally liable to the bearer in accordance with the provisions of the *Law of Bills*.

7. Prepayments

(1). Prepayments by age

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Age of Accounts | Closing Balance | | Opening Balance | |
|-------------------|-----------------|----------------|-----------------|----------------|
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Within 1 year | 23,455,222.16 | 80.83 | 12,673,297.22 | 70.10 |
| 1 to 2 years | 1,883,374.59 | 6.49 | 3,874,682.83 | 21.43 |
| 2 to 3 years | 2,802,459.15 | 9.66 | 1,075,985.52 | 5.95 |
| More than 3 years | 876,791.01 | 3.02 | 455,016.73 | 2.52 |
| Total | 29,017,846.91 | 100.00 | 18,078,982.30 | 100.00 |

A description of the reasons why prepayments aged more than one year and of significant amounts have not been settled in a timely manner:

None

(2). Top five prepayments with closing balances, grouped by prepayment recipient

Applicable Not Applicable

| Name of Unit | Closing Balance | Percentage of total closing balance of prepayments (%) |
|--------------|-----------------|--|
| First Place | 3,779,462.83 | 13.02 |
| Second Place | 2,256,933.62 | 7.78 |
| Third Place | 1,403,500.00 | 4.84 |
| Fourth Place | 1,396,613.45 | 4.81 |
| Fifth Place | 1,107,053.12 | 3.82 |
| Total | 9,943,563.02 | 34.27 |

Other notes

Applicable Not Applicable

8. Other Receivables

Item Presentation

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|----------------------|-----------------|-----------------|
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 24,297,586.30 | 20,752,014.90 |
| Total | 24,297,586.30 | 20,752,014.90 |

Other notes:

Applicable Not Applicable

Interest receivable

(1). Classification of interest receivable

Applicable Not Applicable

(2). Significant overdue interest

Applicable Not Applicable

(3). Provision for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Dividends Receivable

(1). Dividends Receivable

Applicable Not Applicable

(2). Significant dividends receivable aged over 1 year

Applicable Not Applicable

(3). Provision for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Other Receivables

(4). Disclosure by age

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Age of Accounts | Closing Book Balance |
|----------------------------------|----------------------|
| Within 1 year | |
| Where: less than 1 year sub-item | |
| Within 1 year | 18,653,889.85 |
| Subtotal less than 1 year | 18,653,889.85 |
| 1 to 2 years | 1,306,200.38 |
| 2 to 3 years | 7,808,743.75 |
| More than 3 years | 6,955,980.97 |
| 3 to 4 years | |
| 4 to 5 years | |
| More than 5 years | |
| Total | 34,724,814.95 |

(5). Breakdown by nature of funds√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Nature of payment | Closing Book Balance | Opening Balance |
|--------------------|----------------------|-----------------|
| Margin Portfolio | 19,831,895.24 | 16,798,375.10 |
| Reserve portfolio | 7,098,310.95 | 5,318,575.33 |
| Other combinations | 7,794,608.76 | 6,443,408.71 |
| Total | 34,724,814.95 | 28,560,359.14 |

(6). Provision for bad debts√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Provision for Bad Debts | Phase I | Phase II | Phase III | Total |
|--|---|---|---|---------------|
| | Expected credit losses for the next 12 months | Expected credit losses (no credit impairment) over lifetime | Expected credit losses over lifetime (credit impairment incurred) | |
| Balance on January 1, 2023 | 615,418.61 | 1,297,784.76 | 5,895,140.87 | 7,808,344.24 |
| Balance on January 1, 2023 in the current period | | | | |
| --Transfer to Phase II | -65,310.02 | 65,310.02 | | |
| --Transfer to Phase III | | -1,171,311.56 | 1,171,311.56 | |
| --Transfer back to phase II | | | | |
| -- Transfer back to phase I | | | | |
| Provision for the current period | 382,585.90 | 4,146.84 | 2,232,151.67 | 2,618,884.41 |
| Reversal during the period | | | | |
| Write-offs during the period | | | | |
| Write-offs during the period | | | | |
| Other changes | | | | |
| Balance on June | 932,694.49 | 195,930.06 | 9,298,604.10 | 10,427,228.65 |

| | | | | |
|----------|--|--|--|--|
| 30, 2023 | | | | |
|----------|--|--|--|--|

A description of significant changes in the carrying amount of other receivables for which a change in the provision for losses has occurred during the period:

Applicable Not Applicable

The amount of Provision for Bad Debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:

Applicable Not Applicable

(7). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Opening Balance | Amount of change during the period | | | | Closing Balance |
|--------------------------------------|-----------------|------------------------------------|----------------------|-----------------------|---------------|-----------------|
| | | Make Provision | Recovery or reversal | Re-sale or Write-Offs | Other changes | |
| Individual Provision for Bad Debts | 4,330,000.00 | | | | | 4,330,000.00 |
| Provision for bad debts by portfolio | 3,478,344.24 | 2,618,884.41 | | | | 6,097,228.65 |
| Total | 7,808,344.24 | 2,618,884.41 | | | | 10,427,228.65 |

Where the amount of the Provision for Bad Debts reversed or recovered during the period is significant:

Applicable Not Applicable

(8). Other receivables actually written off during the period

Applicable Not Applicable

(9). Top five other Accounts Receivable with closing balances, grouped by party owed

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of Unit | Nature of payments | Closing Balance | Age of Accounts | Percentage of total closing balance of other receivables (%) | Provision for Bad Debts Closing Balance |
|--|--------------------|-----------------|-------------------|--|---|
| Fujian Energy Technology Co., Ltd. | Deposit Guarantee | 2,384,920.00 | Within 1 year | 6.87 | 119,246.00 |
| Zhejiang Zhixin Holding Group Co., Ltd. | Deposit Guarantee | 2,280,000.00 | More than 3 years | 6.57 | 2,280,000.00 |
| Zhejiang Outstanding Power Systems Co., Ltd. | Deposit Guarantee | 2,050,000.00 | More than 3 years | 5.90 | 2,050,000.00 |
| Sichuan Changhong Jiechuang Lithium Technology Co., Ltd. | Deposit Guarantee | 2,000,000.00 | 2-3 years | 5.76 | 600,000.00 |

| | | | | | |
|--|-------------------|---------------|---------------|-------|--------------|
| Beijing Zhongxin Youzai International Travel Service Co., Ltd. | Deposit Guarantee | 1,900,000.00 | Within 1 year | 5.47 | 95,000.00 |
| Total | / | 10,614,920.00 | / | 30.57 | 5,144,246.00 |

(10). Receivables relating to government grants

Applicable Not Applicable

(11). Other receivables derecognized due to transfer of financial assets

Applicable Not Applicable

(12). Amounts transferred from other receivables that continue to be involved in the formation of assets and liabilities

Applicable Not Applicable

Other notes:

Applicable Not Applicable

9. Inventory**(1). Inventory Classification**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | | Opening Balance | | |
|------------------------------|-----------------|---|----------------|-----------------|---|----------------|
| | Carrying Amount | Provision for decline in value of inventories/impairment of contractual performance costs | Book Value | Carrying Amount | Provision for decline in value of inventories/impairment of contractual performance costs | Book Value |
| Raw Materials | 308,823,883.65 | | 308,823,883.65 | 325,602,393.42 | | 325,602,393.42 |
| Work in process | 624,398,247.85 | 13,880,254.69 | 610,517,993.16 | 730,734,350.62 | 633,908.93 | 730,100,441.69 |
| Merchandise in stock | 419,977,109.57 | 35,137,326.10 | 384,839,783.47 | 256,862,178.61 | 20,139,967.93 | 236,722,210.68 |
| Turnover material | | | | | | |
| Expendable biological assets | | | | | | |

| | | | | | | |
|----------------------------|------------------|---------------|------------------|------------------|---------------|------------------|
| Contract performance costs | 17,925,744.20 | | 17,925,744.20 | 11,222,257.40 | | 11,222,257.40 |
| Goods shipped in transit | 1,380,979,696.54 | 49,129,314.64 | 1,331,850,381.90 | 1,119,263,334.67 | 42,233,338.56 | 1,077,029,996.11 |
| Total | 2,752,104,681.81 | 98,146,895.43 | 2,653,957,786.38 | 2,443,684,514.72 | 63,007,215.42 | 2,380,677,299.30 |

(2). **Provision for decline in value of inventories and impairment of contractual performance costs**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | | Decrease during the period | | Closing Balance |
|------------------------------|-----------------|----------------------------|--------|----------------------------|--------|-----------------|
| | | Make Provision | Others | Reversal or write-off | Others | |
| Raw Materials | | | | | | |
| Work in process | 633,908.93 | 13,246,345.76 | | | | 13,880,254.69 |
| Merchandise in stock | 20,139,967.93 | 14,997,358.17 | | | | 35,137,326.10 |
| Turnover material | | | | | | |
| Expendable biological assets | | | | | | |
| Contract performance costs | | | | | | |
| Goods shipped in transit | 42,233,338.56 | 7,455,054.62 | | 559,078.54 | | 49,129,314.64 |
| Total | 63,007,215.42 | 35,698,758.55 | | 559,078.54 | | 98,146,895.43 |

(3). **Description of closing balance of inventories containing amounts capitalized for borrowing costs**

Applicable Not Applicable

(4). **Description of the amount of amortization of contract performance costs for the period**

Applicable Not Applicable

| Item | Opening Balance | Increase during the period | Amortization for the period | Impairment for the period | Closing Amount |
|---------------------------|-----------------|----------------------------|-----------------------------|---------------------------|----------------|
| Freight and lifting costs | 11,222,257.40 | 34,157,434.08 | 27,453,947.28 | | 17,925,744.20 |
| Subtotal | 11,222,257.40 | 34,157,434.08 | 27,453,947.28 | | 17,925,744.20 |

Other notes:

Applicable Not Applicable

10. Contractual Assets

(1). Status of contract assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | | Opening Balance | | |
|----------------------|-----------------|--------------------------|----------------|-----------------|--------------------------|----------------|
| | Carrying Amount | Provision for impairment | Book Value | Carrying Amount | Provision for impairment | Book Value |
| Warranty receivables | 348,420,946.98 | 17,421,047.35 | 330,999,899.63 | 323,871,765.42 | 16,193,588.27 | 307,678,177.15 |
| Total | 348,420,946.98 | 17,421,047.35 | 330,999,899.63 | 323,871,765.42 | 16,193,588.27 | 307,678,177.15 |

(2). Amounts and reasons for significant changes in Book Value during the reporting period

Applicable Not Applicable

(3). Provision for impairment of contract assets during the period

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Provision for the current period | Reversal during the period | Write-offs/cancellations during the period | Reason |
|---------------------------------------|----------------------------------|----------------------------|--|--------|
| Provision for impairment by portfolio | 1,227,459.08 | | | |
| Total | 1,227,459.08 | | | / |

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not Applicable

| Item | Closing Amount | | |
|------------------|-----------------|--------------------------|-------------------|
| | Carrying Amount | Provision for Impairment | Accrual Ratio (%) |
| Ageing portfolio | 348,420,946.98 | 17,421,047.35 | 5.00 |
| Within 1 year | 348,420,946.98 | 17,421,047.35 | 5.00 |
| Subtotal | 348,420,946.98 | 17,421,047.35 | 5.00 |

Other notes:

Applicable Not Applicable

11. Assets held for sale

Applicable Not Applicable

12. Non-current assets due within one year

Applicable Not Applicable

13. Other Current Assets√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-------------------------------------|-----------------|-----------------|
| Contract Acquisition Costs | | |
| Returns cost receivable | | |
| Advance payment of VAT | 5,085,415.07 | 17,233,890.21 |
| Financial product | 120,000,000.00 | |
| GDR issuance costs | | 4,598,869.56 |
| Prepayment of enterprise income tax | 80,680.41 | 47,907.04 |
| Input tax to be offset | 318,547.46 | 329,023.20 |
| Total | 125,484,642.94 | 22,209,690.01 |

Other notes:

None

14. Debenture Investment**(1). Status of debt investments** Applicable Not Applicable**(2). Significant debt investments at the end of the period** Applicable Not Applicable**(3). Provision for impairment** Applicable Not Applicable**15. Other Debt Investments****(1). Other debt investments** Applicable Not Applicable**(2). Significant other debt investments at the end of the period** Applicable Not Applicable**(3). Provision for impairment** Applicable Not Applicable

Other notes:

 Applicable Not Applicable**16. Long-term receivables****(1) Long-term receivables** Applicable Not Applicable**(2) Provision for bad debts** Applicable Not Applicable**(3) Long-term receivables derecognized due to transfer of financial assets** Applicable Not Applicable**(4) Amounts of assets and liabilities resulting from the transfer of long-term receivables with continuing involvement** Applicable Not Applicable

Other notes:

 Applicable Not Applicable

17. Long-term Equity Investments

Applicable Not Applicable

18. Investments in Other Equity Instruments**(1). Investments in other equity instruments**

Applicable Not Applicable

(2). Investments in non-trading equity instruments

Applicable Not Applicable

Other notes:

Applicable Not Applicable

19. Other Non-Current Financial Assets

Applicable Not Applicable

20. Investment Property

Investment property measurement model

Not applicable

21. Fixed Assets**Item Presentation**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-----------------------------|------------------|-----------------|
| Fixed Assets | 1,042,217,663.98 | 954,337,911.33 |
| Liquidation of Fixed Assets | | |
| Total | 1,042,217,663.98 | 954,337,911.33 |

Other notes:

None

Fixed Assets**(1). Fixed assets**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Houses and Buildings | General Equipment | Machinery and Equipment | Means of Transport | Other Equipment | Total |
|-------------------------------|----------------------|-------------------|-------------------------|--------------------|-----------------|------------------|
| i. Original Book Value: | | | | | | |
| 1. Opening Balance | 775,312,987.29 | 20,693,843.37 | 287,092,115.22 | 23,411,049.33 | 30,788,782.56 | 1,137,298,777.77 |
| 2. Increase during the period | 116,271,913.05 | 1,356,707.54 | 8,112,982.54 | 1,283,382.01 | 2,221,235.37 | 129,246,220.51 |
| | (11,259,165.81) | 1,356,707.54 | 8,112,982.54 | 1,228,373.18 | 141,589.37 | 22,098,818.44 |

| | | | | | | |
|---|----------------|---------------|----------------|---------------|---------------|------------------|
| 1) Acquisition | | | | | | |
| 2) Transfer from Construction in Progress | 102,515,426.56 | | | | 2,079,646.00 | 104,595,072.56 |
| 3) Increase in business combinations | | | | | | |
| 4) Foreign currency translation effects | 2,497,320.68 | | | 55,008.83 | | 2,552,329.51 |
| 3. Decrease during the period | | | 1,231,965.79 | | | 1,231,965.79 |
| 1) Disposal or scrapping | | | 1,231,965.79 | | | 1,231,965.79 |
| 4. Closing Balance | 891,584,900.34 | 22,050,550.91 | 293,973,131.97 | 24,694,431.34 | 33,010,017.93 | 1,265,313,032.49 |
| II. Accumulated depreciation | | | | | | |
| 1. Opening Balance | 77,812,461.75 | 9,085,536.34 | 69,421,680.47 | 12,604,005.74 | 14,037,182.14 | 182,960,866.44 |
| 2. | 19,648,911.73 | 1,626,354.39 | 14,427,657.57 | 1,989,090.87 | 3,294,483.20 | 40,986,497.76 |

| | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|----------------|
| Increase during the period | | | | | | |
| 1) Provision | 19,478,706.39 | 1,626,354.39 | 14,427,657.57 | 1,983,250.57 | 3,294,483.20 | 40,810,452.12 |
| 2) Foreign currency translation effects | 170,205.34 | | | 5,840.30 | | 176,045.64 |
| 3. Decrease during the period | | | 851,995.69 | | | 851,995.69 |
| 1) Disposal or scrapping | | | 851,995.69 | | | 851,995.69 |
| 4. Closing Balance | 97,461,373.48 | 10,711,890.73 | 82,997,342.35 | 14,593,096.61 | 17,331,665.34 | 223,095,368.51 |
| III. Provision for impairment | | | | | | |
| 1. Opening Balance | | | | | | |
| 2. Increase during the period | | | | | | |
| 1) Provision | | | | | | |
| 3. Decrease | | | | | | |

| | | | | | | |
|--------------------------|----------------|---------------|----------------|---------------|---------------|------------------|
| during the period | | | | | | |
| 1) Disposal or scrapping | | | | | | |
| 4. Closing Balance | | | | | | |
| IV. Carrying value | | | | | | |
| 1. Closing Book Value | 794,123,526.86 | 11,338,660.18 | 210,975,789.62 | 10,101,334.73 | 15,678,352.59 | 1,042,217,663.98 |
| 2. Opening Book Value | 697,500,525.54 | 11,608,307.03 | 217,670,434.75 | 10,807,043.59 | 16,751,600.42 | 954,337,911.33 |

(2). Status of temporarily idle fixed assets

Applicable Not Applicable

(3). Fixed assets leased through finance leases

Applicable Not Applicable

(4). Fixed assets leased out through operating leases

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Book Value |
|----------------------|--------------------|
| Houses and Buildings | 1,644,959.19 |
| Subtotal | 1,644,959.19 |

(5). Status of fixed assets for which certificates of title have not been issued

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Book Value | Reasons for Non-Completion of Title Deeds |
|---|----------------|---|
| Gaoxin 12 th Road Manufacturing Workshop | 174,868,687.49 | Still in process |
| R&D Building, Gaoxin Sixth Road | 155,251,242.91 | Still in process |
| R&D Workshop Expansion Project | 48,783,958.11 | Still in process |
| Subtotal | 378,903,888.51 | |

Other notes:

Applicable Not Applicable**Liquidation of fixed assets**Applicable Not Applicable**22. Construction in Progress****Item Presentation**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|--------------------------|-----------------|-----------------|
| Construction in Progress | 135,186,073.67 | 35,503,214.70 |
| Engineering materials | | |
| Total | 135,186,073.67 | 35,503,214.70 |

Other notes:

None

Construction in Progress**(1). Status of Construction in Progress**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | | Opening Balance | | |
|---|-----------------|--------------------------|----------------|-----------------|--------------------------|---------------|
| | Carrying Amount | Provision for Impairment | Book Value | Carrying Amount | Provision for Impairment | Book Value |
| Lithium-ion Battery Charging and Discharging Equipment Capacity Expansion Project | 134,887,224.11 | | 134,887,224.11 | 18,204,314.48 | | 18,204,314.48 |
| Lithium-ion Battery Intelligent Production Line Manufacturing Expansion Project | 298,849.56 | | 298,849.56 | | | |
| Korea Power Plant Project | | | | 17,298,900.22 | | 17,298,900.22 |
| Total | 135,186,073.67 | | 135,186,073.67 | 35,503,214.70 | | 35,503,214.70 |

(2). Changes in significant construction-in-progress projects during the periodApplicable Not Applicable

Unit: Yuan Currency: RMB

| Item Name | Budget | Opening Balance | Increase during the period | Amounts transferred to fixed assets during the period | Other decreases during the period | Closing Balance | Cumulative investment in works as a percentage of budget (%) | Project progress | Accumulated amount of interest capitalized | Where: Amount of interest capitalized during the period | Current interest capitalization rate (%) | Source of funds |
|---|------------------|-----------------|----------------------------|---|-----------------------------------|-----------------|--|------------------|--|---|--|-----------------|
| Lithium-ion Battery Charging and Discharging Equipment Capacity Expansion Project | 1,182,689,900.00 | 18,204,314.48 | 116,682,909.63 | | | 134,887,224.11 | 11.07 | 12.00 | | | | Own funds |
| Lithium-ion Battery Intelligent Production Line Manufacturing Expansion Project | 324,810,000.00 | | 298,849.56 | | | 298,849.56 | 83.03 | 100.00 | | | | Own funds |

| | | | | | | | | | | | | |
|---|------------------|---------------|----------------|----------------|--|----------------|-------|-------|--|--|---|-----------|
| Frontier Energy Battery Equipment Technology R&D and Supporting Components Processing Line Expansion Project | 672,390,000.00 | | 4,482,990.51 | 4,482,990.51 | | | 25.85 | 35.00 | | | | Own funds |
| Gaoxin 12 th Road Lithium-ion Battery Production Equipment Intelligent Manufacturing Expansion Project | 1,337,130,000.00 | | 13,597,190.12 | 13,597,190.12 | | | 14.68 | 20.00 | | | | Own funds |
| Korea Power Plant Project | 89,100,000.00 | 17,298,900.22 | 69,215,991.71 | 86,514,891.93 | | | 97.28 | 90.00 | | | | Own funds |
| Total | 3,606,119,900.00 | 35,503,214.70 | 204,277,931.53 | 104,595,072.56 | | 135,186,073.67 | / | / | | | / | / |

(3). Provision for impairment of Construction in Progress during the period

Applicable Not Applicable

Other notes

Applicable Not Applicable

Engineering Materials

Applicable Not Applicable

23. Productive Biological Assets**(1). Produced biological assets using the cost-measurement model**

□Applicable √Not Applicable

(2). Produced biological assets using the fair value measurement model

□Applicable √Not Applicable

Other notes

□Applicable √Not Applicable

24. Oil and Gas Assets

□Applicable √Not Applicable

25. Right-of-Use Assets

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Houses and Buildings | Total |
|--------------------------------------|----------------------|---------------|
| I. Original Book Value | | |
| 1. Opening Balance | 11,386,767.46 | 11,386,767.46 |
| 2. Increase during the period | | |
| 3. Decrease during the period | | |
| 4. Closing Balance | 11,386,767.46 | 11,386,767.46 |
| II. Accumulated depreciation | | |
| 1. Opening Balance | 5,377,084.70 | 5,377,084.70 |
| 2. Increase during the period | 1,897,794.60 | 1,897,794.60 |
| (1) Provision | 1,897,794.60 | 1,897,794.60 |
| 3. Decrease during the period | | |
| (1) Disposal | | |
| 4. Closing Balance | 7,274,879.30 | 7,274,879.30 |
| III. Provision for impairment | | |
| 1. Opening Balance | | |
| 2. Increase during the period | | |
| (1) Provision | | |
| 3. Decrease during the period | | |
| (1) Disposal | | |
| 4. Closing Balance | | |
| IV. Carrying value | | |
| 1. Closing Book Value | 4,111,888.16 | 4,111,888.16 |
| 2. Opening Book Value | 6,009,682.76 | 6,009,682.76 |

Other notes:

None

26. Intangible Asset**(1). Status of intangible assets**

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Land Use Right | Patent Right | Non-Patented Technology | Software | Total |
|------|----------------|--------------|-------------------------|----------|-------|
| | | | | | |

| | | | | | |
|---------------------------------------|----------------|--|--|---------------|----------------|
| I. Original Book Value | | | | | |
| 1. Opening Balance | 187,924,390.46 | | | 12,104,872.33 | 200,029,262.79 |
| 2. Increase during the period | | | | 177,527.80 | 177,527.80 |
| (1) Acquisition | | | | 177,527.80 | 177,527.80 |
| (2) In-house R&D | | | | | |
| (3) Increase in business combinations | | | | | |
| 3. Decrease during the period | | | | | |
| (1) Disposal | | | | | |
| 4. Closing Balance | | | | | |
| II. Accumulated amortization | 187,924,390.46 | | | 12,282,400.13 | 200,206,790.59 |
| 1. Opening Balance | 14,967,005.76 | | | 9,560,726.01 | 24,527,731.77 |
| 2. Increase during the period | 2,033,940.90 | | | 960,429.08 | 2,994,369.98 |
| (1) Provision | 2,033,940.90 | | | 960,429.08 | 2,994,369.98 |
| 3. Decrease during the period | | | | | |
| (1) Disposal | | | | | |
| 4. Closing Balance | 17,000,946.66 | | | 10,521,155.09 | 27,522,101.75 |
| III. Provision for impairment | | | | | |
| 1. Opening Balance | | | | | |
| 2. Increase during the period | | | | | |
| (1) Provision | | | | | |
| 3. Decrease during the period | | | | | |
| (1) Disposal | | | | | |
| 4. Closing Balance | | | | | |
| IV. Carrying value | | | | | |
| 1. Closing Book Value | 170,923,443.80 | | | 1,761,245.04 | 172,684,688.84 |
| 2. Opening Book Value | 172,957,384.70 | | | 2,544,146.32 | 175,501,531.02 |

Intangible assets formed through in-house research and development at the end of the period 0% of intangible asset balance

(2). Status of land-use rights with outstanding title deedsApplicable Not Applicable

Other notes:

Applicable Not Applicable**27. Development Expenditure**Applicable Not Applicable**28. Goodwill****(1). Original carrying amount of goodwill**Applicable Not Applicable**(2). Provision for impairment of goodwill**Applicable Not Applicable**(3). Information about the asset group or combination of asset groups in which the goodwill is located**Applicable Not Applicable**(4). Description of the goodwill impairment testing process, key parameters (e.g., growth rate over the forecast period when the present value of future cash flows is expected, growth rate over the stabilization period, profitability, discount rate, forecast period, etc., as applicable) and the method of recognizing impairment losses on goodwill**Applicable Not Applicable**(5). Impact of goodwill impairment testing**Applicable Not Applicable

Other notes:

Applicable Not Applicable**29. Long-Term Amortized Expenses**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Amortization for the period | Other Decreases | Closing Balance |
|-----------------|-----------------|----------------------------|-----------------------------|-----------------|-----------------|
| Renovation Cost | 7,003,767.94 | 1,022,500.00 | 2,197,842.57 | | 5,828,425.37 |
| Total | 7,003,767.94 | 1,022,500.00 | 2,197,842.57 | | 5,828,425.37 |

Other notes:

None

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities**(1). Deferred tax assets not offset**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | Opening Balance | |
|------|----------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
| | Deductible temporary differences | Deferred income taxes liabilities | Deductible temporary differences | Deferred income taxes liabilities |
| | | | | |

| | | | | |
|--|----------------|---------------|----------------|---------------|
| Provision for impairment of assets | 430,916,064.26 | 64,637,409.63 | 268,311,152.81 | 40,246,672.91 |
| Unrealized profit on internal transactions | | | | |
| Deductible losses | | | | |
| Equity incentive expense | 3,655,374.66 | 548,306.20 | 27,990,831.90 | 4,198,624.79 |
| Deferred income | 26,151,034.37 | 3,922,655.16 | 28,438,576.97 | 4,265,786.55 |
| Lease liabilities | 4,002,371.09 | 600,355.66 | 5,868,692.30 | 880,303.85 |
| Total | 464,724,844.38 | 69,708,726.65 | 330,609,253.98 | 49,591,388.10 |

(2). Deferred tax liabilities not offset

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | Opening Balance | |
|---|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
| | Taxable temporary differences | Deferred income tax liabilities | Taxable temporary differences | Deferred income tax liabilities |
| Appraisal of appreciation of assets in non-same-control business combinations | | | | |
| Changes in fair value of other debt investments | | | | |
| Changes in fair value of investments in other equity instruments | | | | |
| Fair value changes | -3,579,166.80 | -536,875.02 | 596,527.80 | 89,479.17 |
| Differences in depreciation of fixed assets | 38,079,494.55 | 5,711,924.18 | 80,567,683.41 | 12,085,152.51 |
| Right of use assets | 4,111,888.16 | 616,783.22 | 6,009,682.76 | 901,452.41 |
| Total | 38,612,215.91 | 5,791,832.38 | 87,173,893.97 | 13,076,084.09 |

(3). Deferred tax assets or liabilities, net of offsets

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Amounts of deferred tax assets and liabilities offset at the end of the period | Closing Balance of deferred tax assets or liabilities after offsetting | Deferred tax assets and liabilities offset at beginning of period | Opening Balance of deferred tax assets or liabilities after offsetting |
|---------------------------------|--|--|---|--|
| Deferred tax assets | 5,791,832.38 | 63,916,894.27 | 13,076,084.09 | 36,515,304.01 |
| Deferred income tax liabilities | 5,791,832.38 | | 13,076,084.09 | |

(4). Breakdown of unrecognized deferred tax assets√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|----------------------------------|-----------------|-----------------|
| Deductible temporary differences | 10,550,691.17 | 7,933,493.20 |
| Deductible losses | 34,505,259.78 | 28,071,434.81 |
| Total | 45,055,950.95 | 36,004,928.01 |

(5). The deductible losses for which no deferred tax assets have been recognized will expire in the following years√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Year | Closing Amount | Opening Amount | Remarks |
|-----------------|----------------|----------------|---------|
| 2027 | | 50,997.39 | |
| 2028 | 188,193.62 | 402,315.99 | |
| 2029 | 357,520.64 | 951,989.85 | |
| 2030 | 5,604,380.75 | 5,614,937.89 | |
| 2031 | 7,993,962.57 | 8,200,270.08 | |
| 2032 | 12,850,923.61 | 12,850,923.61 | |
| 2033 and beyond | 7,510,278.59 | | |
| Total | 34,505,259.78 | 28,071,434.81 | / |

Other notes:

Applicable Not Applicable**31. Other Non-Current Assets**√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | | Opening Balance | | |
|---|------------------|--------------------------|---------------|------------------|--------------------------|---------------|
| | Carrying Balance | Provision for Impairment | Book Value | Carrying Balance | Provision for Impairment | Book Value |
| Contract acquisition costs | | | | | | |
| Contract performance costs | | | | | | |
| Returns cost receivable | | | | | | |
| Contractual assets | 37,804,400.00 | 1,890,220.00 | 35,914,180.00 | 32,220,000.00 | 1,611,000.00 | 30,609,000.00 |
| Prepayments for acquisition of long-term assets | 25,468,496.48 | | 25,468,496.48 | 8,620,381.89 | | 8,620,381.89 |
| Total | 63,272,896.48 | 1,890,220.00 | 61,382,676.48 | 40,840,381.89 | 1,611,000.00 | 39,229,381.89 |

Other notes:

None

32. Short Term Loan**(1). Classification of short-term loans**

Applicable Not Applicable

(2). Status of overdue short-term loans

Applicable Not Applicable

Other notes:

Applicable Not Applicable

33. Financial liabilities held for trading

Applicable Not Applicable

34. Derivative financial liabilities

Applicable Not Applicable

35. Notes Payable

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Closing Balance | Opening Balance |
|----------------------------|------------------|------------------|
| Commercial Promissory Note | 53,586,793.95 | 1,228,210,692.70 |
| Banker's Acceptance | 1,309,285,414.72 | 88,693,221.04 |
| Total | 1,362,872,208.67 | 1,316,903,913.74 |

The total amount of notes payable that were due and unpaid at the end of the period was RMB0.

36. Accounts Payable**(1). Presentation of accounts payable**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-----------------------------------|------------------|------------------|
| Purchase of materials | 1,506,700,310.61 | 1,562,950,273.91 |
| Payment for equipment engineering | 8,231,366.66 | 24,656,252.20 |
| Others | 6,820,665.83 | 9,034,630.22 |
| Total | 1,521,752,343.10 | 1,596,641,156.33 |

(2). Significant accounts payable aged over 1 year

Applicable Not Applicable

Other notes:

Applicable Not Applicable

37. Advance Receipts**(1). Presentation of Accounts Receivable in advance**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-------|-----------------|-----------------|
| Rent | 99,082.57 | 560,000.00 |
| Total | 99,082.57 | 560,000.00 |

(2). Significant advance receipts aged over 1 year□Applicable Not Applicable

Other notes:

□Applicable Not Applicable**38. Contractual liabilities****(1). Contractual liabilities**Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-------------------|------------------|------------------|
| Payment for Goods | 2,052,507,907.64 | 1,501,881,384.48 |
| Total | 2,052,507,907.64 | 1,501,881,384.48 |

(2). Amounts and reasons for significant changes in book value during the reporting period□Applicable Not Applicable

Other notes:

□Applicable Not Applicable**39. Employee Remuneration Payable****(1). Presentation of Employee Compensation Payable**Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance |
|--|-----------------|----------------------------|----------------------------|-----------------|
| I. Short-term Remuneration | 25,250,952.24 | 294,235,514.49 | 282,098,655.61 | 37,387,811.12 |
| II. Post-Employment Benefits -- Defined Contribution Plans | | 17,329,415.45 | 17,329,415.45 | |
| III. Termination Benefits | | | | |
| IV. Other Benefits due within One Year | | | | |
| Total | 25,250,952.24 | 311,564,929.94 | 299,428,071.06 | 37,387,811.12 |

(2). Presentation of Short-Term RemunerationApplicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance |
|---|-----------------|----------------------------|----------------------------|-----------------|
| I. Wages, bonuses, allowances and subsidies | 25,250,952.24 | 268,526,640.53 | 256,389,781.65 | 37,387,811.12 |
| II. Employee benefit costs | | 2,469,218.88 | 2,469,218.88 | |
| III. Social security contributions | | 12,683,859.37 | 12,683,859.37 | |
| Where: medical insurance premiums | | 11,826,209.68 | 11,826,209.68 | |
| Employment injury insurance premiums | | 857,649.69 | 857,649.69 | |
| Maternity insurance premiums | | | | |
| IV. Housing Provident Fund | | 8,075,909.26 | 8,075,909.26 | |
| V. Funds for trade unions and staff education | | 2,479,886.45 | 2,479,886.45 | |
| VI. Short-term paid | | | | |

| | | | | |
|--|---------------|----------------|----------------|---------------|
| absences | | | | |
| VII. Short-term profit-sharing schemes | | | | |
| Total | 25,250,952.24 | 294,235,514.49 | 282,098,655.61 | 37,387,811.12 |

(3). Presentation of the defined benefit plan

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance |
|--|-----------------|----------------------------|----------------------------|-----------------|
| 1. Basic pension insurance | | 16,733,825.39 | 16,733,825.39 | |
| 2. Unemployment insurance premiums | | 595,590.06 | 595,590.06 | |
| 3. Contributions to enterprise annuities | | | | |
| Total | | 17,329,415.45 | 17,329,415.45 | |

Other notes:

□Applicable √Not Applicable

40. Taxes Payable

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Value-Added Tax (VAT) | 76,021.59 | |
| Sales Tax | | |
| Business Tax | | |
| Corporate Income Tax | 72,621,894.14 | 8,758,178.45 |
| Personal Income Tax | 494,528.56 | 55,984.75 |
| Urban Urban Maintenance and Construction Tax | 1,774,923.21 | 698,770.71 |
| Property Tax | 2,844,338.84 | 4,356,128.08 |
| Education Surcharge | 760,681.38 | 299,473.16 |
| Local Education Surcharge | 507,120.92 | 199,648.77 |
| Total | 79,079,508.64 | 14,368,183.92 |

Other notes:

None

41. Other Accounts Payable**Item Presentation**

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|------------------------|-----------------|-----------------|
| Interest Due | | |
| Dividend Payable | | |
| Other Accounts Payable | 8,705,443.44 | 3,002,923.42 |
| Total | 8,705,443.44 | 3,002,923.42 |

Other notes:

None

Interest Due

Applicable Not Applicable

Dividend Payable

Applicable Not Applicable

Other Accounts Payable**(1). Presentation of other accounts payable by nature of payment**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-------------------|-----------------|-----------------|
| Deposit Guarantee | 3,363,425.48 | 1,141,512.19 |
| Costs payable | 4,700,267.90 | 1,255,644.85 |
| Others | 641,750.06 | 605,766.38 |
| Total | 8,705,443.44 | 3,002,923.42 |

(2). Significant other accounts payable aged over 1 year

Applicable Not Applicable

Other notes:

Applicable Not Applicable

42. Liabilities held for sale

Applicable Not Applicable

43. Non-current liabilities due within 1 year

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Long-term borrowings due within 1 year | | |
| Bonds payable due within 1 year | | |
| Long-term payables due within 1 year | | |
| Lease liabilities due within 1 year | 4,002,371.09 | 3,840,678.51 |
| Total | 4,002,371.09 | 3,840,678.51 |

Other notes:

None

44. Other current liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|-----------------------------|-----------------|-----------------|
| Short-term bonds payable | | |
| Refund payable | | |
| Sales tax to be transferred | 78,262,549.43 | 84,744,908.78 |
| Endorsed Outstanding Notes | 25,810,000.00 | 26,970,439.07 |

| | | |
|-------------------------------|----------------|----------------|
| Receivable (not derecognized) | | |
| Accruals | 12,988,785.30 | 13,944,922.15 |
| Total | 117,061,334.73 | 125,660,270.00 |

Increase or decrease in short-term bonds payable:

Applicable Not Applicable

Other notes:

Applicable Not Applicable

45. Long Term Loan

(1). Classification of Long-Term Loans

Applicable Not Applicable

Other notes, including interest rate range:

Applicable Not Applicable

46. Bonds Payable

(1). Bonds Payable

Applicable Not Applicable

(2). Increase or decrease in bonds payable (excluding other financial instruments such as preferred stocks and perpetual bonds classified as financial liabilities)

Applicable Not Applicable

(3). Description of conversion conditions and conversion time of convertible bonds

Applicable Not Applicable

(4). Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preferred stocks and perpetual bonds issued and outstanding at the end of the period

Applicable Not Applicable

Statement of changes in preferred stocks, perpetual bonds and other financial instruments issued and outstanding at the end of the period

Applicable Not Applicable

Description of the basis for classifying other financial instruments as financial liabilities

Applicable Not Applicable

Other notes:

Applicable Not Applicable

47. Lease liabilities

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|--|-----------------|-----------------|
| Outstanding Lease Payments | 4,285,714.28 | 6,428,571.44 |
| Less: Unrecognized Financing Costs | 283,343.19 | 559,879.14 |
| Less: Reclassified non-Current Liabilities due within One Year | 4,002,371.09 | 3,840,678.51 |
| Total | | 2,028,013.79 |

Other notes:

None

48. Long-term Accounts Payable**Item Presentation**

Applicable Not Applicable

Long-term accounts payable

Applicable Not Applicable

Specialized accounts payable

Applicable Not Applicable

49. Long-term Employee Compensation Payable

Applicable Not Applicable

50. Projected Liability

Applicable Not Applicable

51. Deferred Income

Status of deferred income

Applicable Not Applicable

Unit: Yuan Currency RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance | Reasons for formation |
|------------------|-----------------|----------------------------|----------------------------|-----------------|--|
| Government Grant | 28,438,576.97 | | 2,287,542.60 | 26,151,034.37 | Government grants related to assets are amortized over the useful life of the assets |
| Total | 28,438,576.97 | | 2,287,542.60 | 26,151,034.37 | / |

Other notes:

Applicable Not Applicable

| Item | Opening Amount | New Grant in this Period | Amount recognized in profit or loss for the period [Note] | Closing Amount | Asset-related/revenue-related |
|--|----------------|--------------------------|---|----------------|-------------------------------|
| New energy secondary battery formation, testing equipment and charging and discharging equipment technology transformation project | 932,540.00 | | 180,615.39 | 751,924.61 | Asset-related |
| Technical transformation project with An annual output of 20,000 high-end lithium-ion power battery | 1,745,948.94 | | 133,220.00 | 1,612,728.94 | Asset-related |

| Item | Opening Amount | New Grant in this Period | Amount recognized in profit or loss for the period [Note] | Closing Amount | Asset-related/revenue-related |
|---|----------------|--------------------------|---|----------------|-------------------------------|
| energy feedback formation system | | | | | |
| High-end Lithium-ion Power Battery Energy Feedback Formation System Technology Transformation Project | 4,719,666.70 | | 471,966.67 | 4,247,700.03 | Asset-related |
| Lithium-ion Battery Intelligent Production and Manufacturing Project | 3,574,495.00 | | 302,070.00 | 3,272,425.00 | Asset-related |
| New Soft Package Fixture Machine Production Line Technical Transformation Project | 2,250,000.00 | | 150,000.00 | 2,100,000.00 | Asset-related |
| Lithium Battery Chemical Composition Testing Equipment Intelligent Manufacturing Digital Transformation Project | 2,295,377.77 | | 202,533.33 | 2,092,844.44 | Asset-related |
| Funding for the Acquisition of Industrial Robots | 106,823.07 | | 8,901.92 | 97,921.15 | Asset-related |
| 2022 Information Technology Project Grant | 3,500,000.00 | | 250,000.00 | 3,250,000.00 | Asset-related |
| "1+N" Smart Chain Industrial Internet Cloud Platform Subsidy | 9,313,725.49 | | 588,235.29 | 8,725,490.20 | Asset-related |
| Subtotal | 28,438,576.97 | | 2,287,542.60 | 26,151,034.37 | |

[Note] For details of government grants recognized in profit or loss or offset against related costs for the period, please refer to Note V(4)3 to the financial statements.

52. Other Non-Current Liabilities

Applicable Not Applicable

53. Share Capital

Applicable Not Applicable

Unit: Yuan Currency: RMB

| | Opening | Increase/decrease in current changes (+, i) | Closing |
|--|---------|---|---------|
|--|---------|---|---------|

| | Balance | Issuing New Share | Share Grant | Conversion of Provident Fund into Shares | Other s | Subtotal | Balance |
|---------------------------------|--------------------|----------------------|----------------|---|------------|--------------------|--------------------|
| Total number of shares | 405,133,000. 00 | 26,061,394. 00 | | 172,477,758. 00 | | 198,539,152. 00 | 603,672,152. 00 |

Other notes:

1) Pursuant to the resolutions of the 10th meeting of the 3rd session of the Board of Directors and the 4th Extraordinary General Meeting of 2022 of the Company, and approved by the Prospectus Office of the Supervisory Authority of the SIX Swiss Exchange (hereinafter referred to as the SIX Swiss Exchange) No. ZA11-000000005W1O7 and the *Approval of Reply on Approval of the Initial Public Offering of Global Depositary Receipts and Listing on the Swiss Stock Exchange of Zhejiang Hangke Technology Co., Ltd. (Z.J.X.K. [2022] No. 3149) of the China Securities Regulatory Commission*", the Company actually issued 12,625,697 GDRs to qualified investors, which corresponded to 25,251,394 A-share base shares of the Company, and raised gross proceeds of USD172,845,791.93 (equivalent to RMB1,188,470,380.73). After deducting the issue expenses of RMB29,091,330.64, the net proceeds amounted to RMB1,159,379,050.09, where RMB25,251,394.00 was credited to the share capital and RMB1,134,127,656.09 was credited to the capital surplus (share premium).

2) Pursuant to the resolutions of the Twentieth Session of the Second and Thirteenth Session of the Board of Directors and the Second Extraordinary General Meeting of 2021 of the Company, the Company granted 810,000 restricted renminbi ordinary shares (A shares) of Class II with a par value of RMB1 per share to its employees at a grant price of RMB27.77 per share, with a total subscription amount of RMB22,493,700.00, which was credited to share capital of RMB810,000.00 Where RMB810,000.00 was credited to share capital and RMB21,683,700.00 was credited to capital surplus (share premium). The aforesaid capital increase has been audited by Zhejiang Pan-China Certified Public Accountants (Special Ordinary Partnership), which has issued the Capital Verification Report (T.J.Y. [2023] No. 90), and the Company has not yet gone through the formalities for industrial and commercial registration.

3) Pursuant to the resolution of the 2022 annual general meeting of the Company, the Company will pay a cash dividend of RMB0.35 (tax included) per share based on the total share capital of 431,194,394 shares and transfer 0.4 shares per share to all shareholders out of the capital reserve, resulting in a total cash dividend of RMB150,918,037.90 and the transfer of 172,477,758 shares, which will be credited to the share capital of RMB172,477,758.00Yuan.

54. Other Equity Instruments

(1) **Basic information on other financial instruments such as preferred stocks and perpetual bonds issued and outstanding at the end of the period**

Applicable Not Applicable

(2) Statement of changes in preferred stocks, perpetual bonds and other financial instruments issued and outstanding at the end of the period

Applicable Not Applicable

Changes in other equity instruments during the period, explanation of the reasons for such changes, and the basis for the related accounting treatment:

Applicable Not Applicable

Other notes.

Applicable Not Applicable

55. Capital Surplus

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance |
|----------------------------------|------------------|----------------------------|----------------------------|------------------|
| Capital Premium (Equity Premium) | 1,291,603,017.41 | 1,232,661,617.30 | 181,277,735.18 | 2,342,986,899.53 |
| Other Capital Surplus | 110,134,807.74 | 28,869,541.99 | 76,850,261.21 | 62,154,088.52 |
| Total | 1,401,737,825.15 | 1,261,531,159.29 | 258,127,996.39 | 2,405,140,988.05 |

Other explanations, including increases or decreases during the period and explanations of the reasons for the changes:

1) Description of changes in equity premium

① Increase in capital surplus (capital premium) of NTRMB1,134,127,656.09 during the period, as explained in Note V(I) 29(2)1) to these financial statements.

② Increase in capital surplus (premium on capital stock) of RMB21,683,700.00 during the period, as explained in Note V(I) 29(2)2) to these financial statements.

③ The first tranche of the Company's 2021 Equity Incentive Plan was exercised during the current period, and the equity incentive expense of RMB76,850,261.21, which was originally recorded in other capital surplus, was adjusted from other capital surplus to equity premium, and the amount deductible before tax was lower than the income tax effect of the costs and expenses recognized in accordance with the provisions of the Accounting Standards for Business Enterprises (ASBEs) by RMB8,799,977.18, which was recorded in equity premium.

④ Decrease in capital surplus (equity premium) by RMB172,477,758.00 during the period, as explained in Note V(I) 29(2)3) to these financial statements.

2) Description of changes in other capital surplus

① The Company implemented equity-settled share-based payments and recognized share-based payment expense of RMB24,696,848.69 during the period.

② The increase of RMB 4,172,693.30 in the current period means that the amount deductible before tax is lower than the income tax impact of the cost and expense recognized in accordance with the accounting standards for Enterprises in the current period.

③ Decrease of RMB76,850,261.21 during the period, as explained in Note③ to the Description of Changes in Equity Premium.

56. Treasury Stock

□Applicable √Not Applicable

57. Other Comprehensive Income

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Amount incurred during the period | | | | | | Closing Balance |
|---|-----------------|--|---|---|--------------------------|--|---|-----------------|
| | | Amount before income tax of the current period | Less: Other comprehensive income in the previous period transferred to profit or loss | Less: Other comprehensive income recorded in the previous period transferred to retained earnings in the current period | Less: Income tax expense | Attributable to parent company after tax | Attributable to minority shareholders after tax | |
| I. Other comprehensive income that cannot be reclassified to profit or loss | | | | | | | | |
| Where: Remeasured changes in defined benefit plans | | | | | | | | |
| Other comprehensive income not transferable to profit or loss under the equity method | | | | | | | | |
| Changes in fair value of investments | | | | | | | | |

| | | | | | | | | |
|---|--------------|---------------|--|--|--|---------------|--|--------------|
| ts in other equity instruments | | | | | | | | |
| Changes in fair value of the enterprise's own credit risk | | | | | | | | |
| II. Other comprehensive income to be reclassified to profit or loss | 2,419,348.00 | -1,369,931.06 | | | | -1,369,931.06 | | 1,049,416.94 |
| Where: Other comprehensive income available for transfer to profit or loss under the equity method | | | | | | | | |
| Changes in fair value of other debt investments | | | | | | | | |
| Amounts reclassified from financial assets to other comprehensive income | | | | | | | | |
| Provision for credit impairment of other debt investments | | | | | | | | |
| Cash flow | | | | | | | | |

| | | | | | | | | |
|--|--------------|---------------|--|--|--|---------------|--|--------------|
| hedge reserve | | | | | | | | |
| Translation differences on foreign currency financial statements | 2,419,348.00 | -1,369,931.06 | | | | -1,369,931.06 | | 1,049,416.94 |
| Total other comprehensive income | 2,419,348.00 | -1,369,931.06 | | | | -1,369,931.06 | | 1,049,416.94 |

Other notes, including adjustments to the effective portion of cash flow hedge gains and losses transferred to the initial recognized amount of the hedged item:

None

58. Special Reserve

Applicable Not Applicable

59. Surplus Reserve

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Opening Balance | Increase during the period | Decrease during the period | Closing Balance |
|-----------------------------|-----------------|----------------------------|----------------------------|-----------------|
| Statutory Surplus Reserve | 191,755,852.88 | | | 191,755,852.88 |
| Arbitrary Surplus Reserve | | | | |
| Reserve Fund | | | | |
| Enterprise Development Fund | | | | |
| Others | | | | |
| Total | 191,755,852.88 | | | 191,755,852.88 |

A description of surplus reserve, including any increase or decrease during the period, and a description of the reasons for the change:

None

60. Un-distributed Profit

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Period | Previous Year |
|--|------------------|----------------|
| Undistributed profit at the end of the previous period before adjustment | 1,346,443,877.81 | 995,119,114.67 |
| Total undistributed profits at the beginning of the adjustment period (increase +, decrease -) | -48,250.52 | |
| Undistributed profit at the beginning of the period after adjustment | 1,346,443,877.81 | 995,119,114.67 |
| Add: Net profit attributable to owners of the parent company for the period | 475,631,938.78 | 490,594,411.85 |

| | | |
|--|------------------|------------------|
| Less: Withdrawal of legal reserve | | 46,509,209.88 |
| Withdrawal of arbitrary surplus reserve | | |
| Withdrawal of general risk reserve | | |
| Dividends payable on ordinary shares | 150,918,037.90 | 92,712,188.31 |
| Dividends on ordinary shares transferred to equity | | |
| Undistributed profit at the end of the period | 1,671,157,778.69 | 1,346,492,128.33 |

Details of undistributed profits at the beginning of adjustment period:

1. Due to the retrospective adjustment of the Accounting Standards for Enterprises and its related new provisions, the undistributed profit at the beginning of the period was affected by 0 Yuan.
2. Due to the change of accounting policy, the undistributed profit at the beginning of the period was affected by -48,250.52 Yuan.
3. As a result of the correction of significant accounting errors, the undistributed profit at the beginning of the period was affected by 0 Yuan.
4. Due to changes in the scope of consolidation due to common control, the undistributed profit at the beginning of the period was affected by 0 Yuan.
5. Due to other adjustments in total, the undistributed profit at the beginning of the period was affected by 0 Yuan.

61. Operating Income and Operating Costs

(1). Operating revenues and operating costs

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | | Amount incurred in the Previous Period | |
|----------------|------------------|------------------|--|------------------|
| | Revenue | Cost | Revenue | Cost |
| Main Business | 2,103,180,099.31 | 1,278,529,556.75 | 1,936,065,776.27 | 1,355,322,958.35 |
| Other Business | 17,734,283.27 | 375,332.87 | 19,157,586.53 | 48,186.24 |
| Total | 2,120,914,382.58 | 1,278,904,889.62 | 1,955,223,362.80 | 1,355,371,144.59 |

(2). Status of Revenue Generated from Contracts

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Contract Classification | Revenue from Main Operations | Other Operating Income | Total |
|---|------------------------------|------------------------|------------------|
| Product Type | | | |
| Charging and Discharging Device | 1,822,037,773.30 | | 1,822,037,773.30 |
| Other Device | 268,205,075.61 | | 268,205,075.61 |
| Spare Parts | 10,256,492.99 | | 10,256,492.99 |
| Others | 2,166,995.94 | 17,734,283.27 | 19,901,279.21 |
| By Business Area | | | |
| Domestic | 1,393,862,474.10 | 17,734,283.27 | 1,411,596,757.37 |
| Abroad | 708,803,863.74 | | 708,803,863.74 |
| Type of Market or Customer | | | |
| Type of Contract | | | |
| Classification by time of transfer of goods | | | |

| | | | |
|--|------------------|---------------|------------------|
| Commodities (transferred at a certain point) | 2,102,666,337.84 | 17,734,283.27 | 2,120,400,621.11 |
| Classification by Contract Term | | | |
| By Sales Channel | | | |
| Total | 2,102,666,337.84 | 17,734,283.27 | 2,120,400,621.11 |

A description of the revenue generated by the contract:

None

(3). Description of Performance Obligations

Applicable Not Applicable

(4). Statement of Apportionment to Remaining Performance Obligations

Applicable Not Applicable

Other notes:

None

62. Taxes and Surcharges

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|--|----------------|--|
| Sales Tax | | |
| Business Tax | | |
| Urban Maintenance and Construction Tax | 7,624,770.25 | 2,624,561.23 |
| Education Surcharge | 3,267,758.69 | 1,124,811.96 |
| Resource Tax | | |
| Property Tax | 3,730,282.64 | 1,487,974.67 |
| Land Use Tax | | |
| Vehicle Usage Tax (VUT) | 9,660.62 | 18,001.02 |
| Stamp Duty | 1,305,453.58 | 356,355.00 |
| Local Education Surcharge | 2,178,505.80 | 749,874.64 |
| Others | 2,715.96 | |
| Total | 18,119,147.54 | 6,361,578.52 |

Other notes:

None

63. Sales Expense

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---------------------------|----------------|--|
| Remuneration of Employees | 27,705,028.91 | 25,038,656.99 |
| After-Sales Service Fee | 19,438,968.04 | 17,360,073.61 |
| Travel Costs | 4,897,229.95 | 3,600,968.48 |

| | | |
|----------------------------------|---------------|---------------|
| Rent and Utilities | 2,602,502.66 | 1,691,572.77 |
| Business Hospitality | 1,569,697.53 | 1,889,942.23 |
| Advertising and Exhibition Costs | 194,181.64 | 208,570.00 |
| Office Expenses | 95,902.05 | 33,389.84 |
| Others | 508,720.77 | 949,016.81 |
| Total | 57,012,231.55 | 50,772,190.73 |

Other notes:

None

64. Overhead

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---------------------------------------|----------------|--|
| Share-Based Payment | 24,696,848.69 | 100,722,794.62 |
| Remuneration of Employees | 46,710,254.59 | 43,029,867.66 |
| Depreciation and Amortization Expense | 15,437,033.91 | 7,980,878.02 |
| Office Expenses | 7,326,812.10 | 8,251,826.81 |
| Travel Costs | 9,767,655.04 | 4,293,792.02 |
| Intermediary Service Fees | 8,675,981.12 | 5,254,233.97 |
| Business Hospitality | 1,749,374.16 | 1,907,702.98 |
| Rent and Utilities | 1,196,406.98 | 1,276,996.49 |
| Renovation Cost | 978,312.04 | 1,746,168.61 |
| Transportation and Car Expenses | 325,955.70 | 221,393.53 |
| Others | 4,706,916.10 | 6,563,552.33 |
| Total | 121,571,550.43 | 181,249,207.04 |

Other notes:

None

65. R&D costs

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|----------------------------|----------------|--|
| Remuneration of Employees | 88,017,217.18 | 64,458,052.92 |
| Materials and Testing Fees | 27,076,756.32 | 32,146,855.47 |
| Travel Costs | 6,025,082.04 | 6,799,295.88 |
| Others | 3,201,934.63 | 3,276,880.19 |
| Total | 124,320,990.17 | 106,681,084.46 |

Other notes:

None

66. Financial Cost

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|------------------------------|-----------------|--|
| Interest Expense | 743,493.04 | 1,499,766.63 |
| Interest Income | -37,118,803.64 | -9,741,096.49 |
| Currency Exchange Losses | -96,378,487.31 | -15,973,368.64 |
| Handling Fee | 2,717,069.49 | 886,275.47 |
| Unrecognized Financing Costs | 114,843.36 | 307,671.00 |
| Total | -129,921,885.06 | -23,020,752.03 |

Other notes:
None

67. Other Gains

√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| Government Grants Related to Assets [Note] | 2,287,542.60 | 1,786,626.36 |
| Government Grants Related to Revenue [Note] | 55,801,603.53 | 31,060,793.85 |
| Reimbursement of Handling Fee for Personal Income Tax Withholding | 617,259.95 | 266,761.23 |
| Total | 58,706,406.08 | 33,114,181.44 |

Other notes:

[Note] For details of government grants recognized in other income during the period, please refer to the note on government grants in the Notes to the Consolidated Financial Statements, Item Notes to the Consolidated Financial Statements, in the notes to these financial statements.

68. Investment Income

√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| Income from long-term equity investments accounted for by the equity method | | |
| Investment income from disposal of long-term equity investments | | |
| Investment income from trading financial assets during the holding period | | |
| Dividend income earned on investments in other equity instruments during the holding period | | |
| Interest income earned on debt investments during the holding period | | |
| Interest income earned on other debt investments during the holding period | | |
| Investment income from disposal of financial assets held for trading | | |
| Investment income from disposal of investments in other equity instruments | | |
| Investment income from disposal of debt investments | | |
| Investment income from disposal of other debt investments | | |
| Gain on debt restructuring | | |
| Income from financial products | 1,337,473.98 | 6,071,514.39 |
| De-recognition of income on financial assets measured at amortized cost | -902,723.43 | |
| Total | 434,750.55 | 6,071,514.39 |

Other notes:

None

69. Net Exposure Hedging Gain Applicable Not Applicable**70. Gain on Change in Fair Value** Applicable Not Applicable

Unit: Yuan Currency: RMB

| Sources that generate gains from changes in fair value | Current Amount | Amount Incurred in the Previous Period |
|--|----------------|--|
| Financial assets held for trading | -3,579,166.80 | -5,649,056.39 |
| Where: Gain on changes in fair value arising from derivative financial instruments | | |
| Gain on changes in fair value arising from financial assets classified as at fair value through profit or loss (FVTPL) | -3,579,166.80 | -5,649,056.39 |
| Financial liabilities held for trading | | |
| Investment properties measured at fair value | | |
| Total | -3,579,166.80 | -5,649,056.39 |

Other notes:

None

71. Credit Impairment Losses Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|-----------------|--|
| Bad Debt Losses on Notes Receivable | | |
| Bad Debt Losses on Accounts Receivable | -125,956,865.92 | -34,359,502.95 |
| Bad Debt Losses on Other Receivables | -2,618,884.41 | -670,358.92 |
| Impairment Losses on Debt Investments | | |
| Impairment Loss on Other Debt Investments | | |
| Bad Debt Losses on Long-Term Receivables | | |
| Impairment Losses on Contract Assets | | |
| Total | -128,575,750.33 | -35,029,861.87 |

Other notes:

None

72. Impairment Losses on Assets Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| I. Bad Debt Losses | | |
| II. Loss on Decline in Value of Inventories and Impairment Loss on Contract Performance Costs | -35,698,758.55 | |

| | | |
|---|----------------|---------------|
| III. Impairment Losses on Long-Term Equity Investments | | |
| IV. Impairment losses on Investment Properties | | |
| V. Impairment Losses on Fixed Assets | | |
| VI. Impairment losses on Engineering Materials | | |
| VII. Impairment Losses on Construction in Progress | | |
| VIII. Impairment Losses on Productive Biological Assets | | |
| IX. Impairment Losses on Oil and Gas Assets | | |
| X. Impairment Losses on Intangible Assets | | |
| XI. Impairment Losses on Goodwill | | |
| XII. Other | | |
| XIII. Impairment Losses on Contract Assets | -1,227,459.08 | -7,033,059.74 |
| XIV. Impairment Losses on Other Non-Current Assets | -279,220.00 | 447,507.07 |
| Total | -37,205,437.63 | -6,585,552.67 |

Other notes:

None

73. Gain on Disposal of Assets

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|----------------------------------|----------------|--|
| Gain on Disposal of Fixed Assets | -66,430.28 | |
| Total | -66,430.28 | |

Other notes:

Applicable Not Applicable

74. Non-Operating Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period | Amounts included in Non-Recurring Gains and Losses for the Period |
|--|----------------|--|---|
| Total gain on disposal of non-current assets | | | |
| Where: Gain on Disposal of Fixed Assets | | | |
| Gains on Disposal of Intangible Assets | | | |
| Debt Restructuring Gains | | | |

| | | | |
|---|--------------|--------------|--------------|
| Gain on Exchange of Non-Monetary Assets | | | |
| Acceptance of Donations | | | |
| Government Grant | | | |
| Revenue from Penalties and Indemnities | 1,014,169.25 | 1,919,552.41 | 1,014,169.25 |
| Others | 39,313.40 | 199,369.35 | 39,313.40 |
| Total | 1,053,482.65 | 2,118,921.76 | 1,053,482.65 |

Other notes:

Applicable Not Applicable

75. Non-Operating Expenses

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period | Amounts included in Non-Recurring Gains and Losses for the Period |
|--|----------------|--|---|
| Total loss on disposal of non-current assets | | | |
| Where: Loss on Disposal of Fixed Assets | | | |
| Loss on Disposal of Intangible Assets | | | |
| Debt RESTRUCTURING LOSSES | | | |
| Loss on Exchange of Non-Monetary Assets | | | |
| External Donations | | | |
| Expenditures on Penalties and Indemnities | 1,198,410.78 | | 1,198,410.78 |
| External Donations | 180,000.00 | 250,000.00 | |
| late Fine on Taxes | 900.90 | 849.63 | 900.90 |
| Others | | 3,851,560.00 | 180,000.00 |
| Total | 1,379,311.68 | 4,102,409.63 | 1,379,311.68 |

Other notes:

None

76. Income Tax Expense

(1) Schedule of Income Tax Expense

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|----------------------------|----------------|--|
| Current Income Tax Expense | 87,941,209.59 | 15,933,361.81 |

| | | |
|-----------------------------|----------------|---------------|
| Deferred Income Tax Expense | -23,277,147.48 | 10,537,795.03 |
| Total | 64,664,062.11 | 26,471,156.84 |

(2) Process of adjusting accounting profit to income tax expense√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount |
|--|----------------|
| Total Profit | 540,296,000.89 |
| Income tax expense at statutory/applicable rates | 81,044,400.13 |
| Effect of applying different tax rates to subsidiaries | 1,391,445.37 |
| Effect of adjustments to prior periods' income taxes | |
| Impact of non-taxable income | -253,899.54 |
| Impact of non-deductible costs, expenses and Losses | 225,982.97 |
| Effect of deductible losses on the use of unrecognized deferred tax assets in prior periods | -2,040,849.87 |
| Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognized in the current period | 2,297,558.71 |
| Impact of additional deduction for R&D expenses | -18,000,575.66 |
| | |
| Income Tax Expense | 64,664,062.11 |

Other notes:

 Applicable Not Applicable**77. Other Comprehensive Income**√Applicable Not Applicable

For the net after-tax amount of other comprehensive income, please refer to Section 10 Financial Reports, 57 notes to Items in the Consolidated Balance Sheet and description of other comprehensive income.

78. Cash Flow Statement Items**(1). Other cash received related to operating activities**√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| Recovery of Note Guarantee Deposits | 167,925,760.44 | 154,526,572.17 |
| Government Grants Received | 14,400,810.77 | 23,725,940.79 |
| Maturity of Time Deposits Pledged for the Issuance of Notes | 44,590,786.46 | 91,394,300.48 |
| Bank Interest Income | 37,119,952.84 | 9,741,096.49 |
| Others | 6,247,594.99 | 9,246,021.01 |
| Total | 270,284,905.50 | 288,633,930.94 |

Description of other cash received related to operating activities:

None

(2). Other cash paid in relation to operating activities√Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| Payment of Note Bond Deposit | 491,851,630.84 | 156,507,536.05 |
| Time Deposits Pledged for the Issuance of Notes | | 42,281,820.00 |
| Out-of-Pocket Expense | 60,265,655.85 | 34,678,160.83 |
| Bid and Performance Bonds | 3,033,520.14 | |
| Others | 12,156,341.16 | 18,183,210.22 |
| Total | 567,307,147.99 | 251,650,727.10 |

Description of other cash paid related to operating activities:

None

(3). **Other cash received related to investing activities**

Applicable Not Applicable

(4). **Other cash paid related to investing activities**

Applicable Not Applicable

(5). **Other cash received relating to financing activities**

Applicable Not Applicable

(6). **Other cash paid in connection with financing activities**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|----------------------------|----------------|--|
| GDR Issuing Brokerage Fees | 8,843,672.74 | |
| Rental Payments | 2,250,000.00 | |
| Total | 11,093,672.74 | |

Description of other cash paid in connection with financing activities:

None

79. Supplementary Information on the Statement of Cash Flows

(1) **Supplementary information on the statement of cash flows**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Additional Information | Amount for the Period | Amount for the Previous Period |
|---|-----------------------|--------------------------------|
| 1. Reconciliation of net profit to cash flows from operating activities: | | |
| Net Profit | 475,631,938.78 | 241,275,489.68 |
| Add: Provision for Impairment of Assets | 37,205,437.63 | 6,585,552.67 |
| Credit Impairment Losses | 128,575,750.33 | 35,029,861.87 |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets | 40,810,452.12 | 25,547,296.07 |
| Amortization of right-of-use assets | 1,897,794.60 | 1,897,794.60 |
| Amortization of intangible assets | 2,994,369.98 | 3,306,252.03 |
| Amortization of long-term amortized | 2,197,842.57 | 1,709,375.90 |

| | | |
|---|------------------|------------------|
| expenses | | |
| Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets (Gain is represented by a "-") | 66,430.28 | |
| Loss on retirement of fixed assets (gains are recognized by "-") | | |
| Loss on changes in fair value (gains are recognized with a "-") | 3,579,166.80 | 5,649,056.39 |
| Finance costs (gains are recognized with a "-") | -96,263,643.95 | -15,886,433.89 |
| Losses on investments (gains are recognized with a "-") | -434,750.55 | -6,071,514.39 |
| Decrease in deferred income tax assets (increase is recognized by "-") | -27,401,590.26 | 10,541,740.54 |
| Increase (decrease) in deferred income tax liabilities (indicated by a "-") | | -3,945.51 |
| Decrease in inventories (increase is indicated by a "-") | -308,979,245.63 | -93,999,047.84 |
| Decrease in operating receivables (increase is recognized by "-") | -888,318,155.25 | -632,536,733.27 |
| Increase (decrease) in operating accounts payable | 757,673,182.70 | 660,820,553.79 |
| Others | 20,069,564.81 | 85,345,231.40 |
| Net cash flows from operating activities | 149,304,544.96 | 329,210,530.04 |
| 2. Significant investing and financing activities that do not involve cash receipts and payments: | | |
| Debt to capitalization | | |
| Convertible bonds due within one year | | |
| Fixed assets under finance leases | | |
| 3. Net change in cash and cash equivalents: | | |
| Closing Balance of Cash | 2,883,652,463.33 | 1,723,398,296.97 |
| Less: opening balance of cash | 1,992,463,562.87 | 1,714,758,111.87 |
| Add: closing balance of cash equivalents | | |
| Less: opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | 891,188,900.46 | 8,640,185.10 |

(2) Net cash paid during the period for acquisition of subsidiaries

□Applicable √Not Applicable

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

□Applicable √Not Applicable

(4) Composition of cash and cash equivalents

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|---------|------------------|------------------|
| I. Cash | 2,883,652,463.33 | 1,992,463,562.87 |

| | | |
|--|------------------|------------------|
| Where: cash on hand | 482,176.61 | 521,994.63 |
| Bank deposits available for payment | 2,883,170,286.72 | 1,991,941,568.24 |
| Other monetary funds readily available for disbursement | | |
| Central bank deposits available for disbursement | | |
| Interbank deposits | | |
| Interbank placing | | |
| II. Cash equivalents | | |
| Where: Investments in bonds maturing within three months | | |
| | | |
| III. Cash and cash equivalents balance at the end of the period | 2,883,652,463.33 | 1,992,463,562.87 |
| Where: use of restricted cash and cash equivalents by the Parent Company or Group Subsidiaries | | |

Other notes:

Applicable Not Applicable

80. Notes to the Statement of Changes in Owners' Equity Items

(c) State the name of the "Other" item and the amount of adjustment made to the closing balance of the previous year:

Applicable Not Applicable

81. Assets with Restricted Ownership or Use

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Book Value | Reason for Restriction |
|------------------|--------------------|--------------------------------|
| Money Funds | 491,851,630.84 | margin (in derivative trading) |
| Notes Receivable | | |
| Inventory | | |
| Fixed Assets | | |
| Intangible Asset | | |
| Total | 491,851,630.84 | / |

Other notes:

None

82. Foreign Currency Monetary Items

(1). Foreign Currency Monetary Items

Applicable Not Applicable

Unit: Yuan

| Item | Foreign Currency Balance at End of Period | Conversion rate | RMB Balance Converted at the End of the Period |
|------------------------------|---|-----------------|--|
| Money Funds | - | - | 1,951,928,869.64 |
| Where: United States dollars | 159,583,353.10 | 7.2258 | 1,153,117,392.83 |
| Euro | 45,971,345.02 | 7.8771 | 362,120,881.86 |
| Japanese yen | 395,752,709.24 | 0.0501 | 19,824,836.22 |
| Hong Kong dollar | 416,337,895.23 | 0.9220 | 383,863,539.40 |

| | | | |
|------------------------------|------------------|--------|---------------|
| Won | 2,935,173,304.77 | 0.0055 | 16,143,453.18 |
| zloty | 9,518,811.00 | 1.7711 | 16,858,766.16 |
| Accounts Receivable | - | - | 92,774,649.68 |
| Where: United States dollars | 12,321,642.17 | 7.2258 | 89,033,721.99 |
| Euro | 273,347.08 | 7.8771 | 2,153,182.28 |
| Japanese yen | 12,456,123.00 | 0.0501 | 623,977.03 |
| Won | 175,230,615.00 | 0.0055 | 963,768.38 |
| long term loan | - | - | - |
| Where: United States dollars | | | |
| Euro | | | |
| Hong Kong dollar | | | |
| Accounts Payable | - | - | 67,011,230.49 |
| Where: United States dollars | 8,622,664.64 | 7.2258 | 62,305,650.16 |
| Japanese yen | 73,047,357.00 | 0.0501 | 3,659,234.30 |
| Won | 185,846,648.33 | 0.0055 | 1,022,156.57 |
| zloty | 13,657.88 | 1.7711 | 24,189.47 |
| Other receivables | - | - | 1,356,317.26 |
| Where: United States dollars | 10,000.00 | 7.2258 | 72,258.00 |
| Japanese yen | 10,173.13 | 0.0501 | 509.61 |
| Won | 230,096,730.00 | 0.0055 | 1,265,532.02 |
| zloty | 10,173.13 | 1.7711 | 18,017.63 |
| Other accounts payable | - | - | 3,128,144.86 |
| Where: Japanese yen | 3,395,732.75 | 0.0501 | 170,105.84 |
| Hong Kong dollar | 47,296.67 | 0.9220 | 43,607.53 |
| Won | 529,896,635.34 | 0.0055 | 2,914,431.49 |

Other notes:

None

- (2). A description of the foreign operating entity, including, in the case of a significant foreign operating entity, a disclosure of its principal place of business outside the country, the bookkeeping currency of its accounts and the basis for its selection, and the reasons for any change in the bookkeeping currency of its accounts

Applicable Not Applicable

83. Hedge

Applicable Not Applicable

84. Government Grant

- (1). Basic information on government grants

Applicable Not Applicable

Unit: Yuan Currency: RMB

| kind | Amount | Presentation of Items | Amounts Recognized in Profit or Loss for the Period |
|--|--------------|-----------------------|---|
| New energy secondary battery formation, testing equipment and charging and discharging equipment technology transformation project | 2,664,400.00 | Other gains | 180,615.39 |
| Technical transformation project with An annual output of 20,000 high-end lithium-ion power battery energy feedback formation system | 3,522,000.00 | Other gains | 133,220.00 |
| High-end Lithium-ion Power Battery | 8,495,400.00 | Other gains | 471,966.67 |

| | | | |
|--|---------------|-------------|---------------|
| Energy Feedback Formation System Technology Transformation Project | | | |
| Lithium-ion Battery Intelligent Production and Manufacturing Project | 5,034,500.00 | Other gains | 302,070.00 |
| New Soft Package Fixture Machine Production Line Technical Transformation Project | 3,000,000.00 | Other gains | 150,000.00 |
| Lithium Battery Chemical Composition Testing Equipment Intelligent Manufacturing Digital Transformation Project | 3,645,600.00 | Other gains | 202,533.33 |
| Funding for the Acquisition of Industrial Robots | 154,300.00 | Other gains | 8,901.92 |
| 2022 Information Technology Project Grant | 4,000,000.00 | Other gains | 250,000.00 |
| "1+N" Smart Chain Industrial Internet Cloud Platform Subsidy | 10,000,000.00 | Other gains | 588,235.29 |
| VAT software refunds | 42,055,656.53 | Other gains | 42,055,656.53 |
| Incentive Funds to Encourage Enterprises to Expand Production through "Xiaoshan District's Economy Campaign Fighting for A Good Start" | 3,930,000.00 | Other gains | 3,930,000.00 |
| Incentive Funds for Emerging Industry Policy Support Projects in Xiaoshan District in 2021 | 3,920,500.00 | Other gains | 3,920,500.00 |
| Xiaoshan District Digital Economy Policy Support Project Incentive Funds in 2021 | 3,181,700.00 | Other gains | 3,181,700.00 |
| Financial Aid | 1,200,000.00 | Other gains | 1,200,000.00 |
| Subsidies for Enterprises To Employ Workers during the Outbreak Response | 429,000.00 | Other gains | 429,000.00 |
| Financial Support Payments (Top 10 Industries) | 400,000.00 | Other gains | 400,000.00 |
| Others | 684,747.00 | Other gains | 684,747.00 |
| Subtotal | 96,317,803.53 | | 58,089,146.13 |

(2). Return of Government Grants

Applicable Not Applicable

Other notes

None

85. Others

Applicable Not Applicable

VII. Change in Scope of Consolidation**1、 Merger of businesses not under the same control**

Applicable Not Applicable

2、 Merger of businesses under the same control

Applicable Not Applicable

3、 Reverse Purchase

Applicable Not Applicable

4、 Disposal of Subsidiaries

Whether there is a single disposal of an investment in a subsidiary that results in loss of control

Applicable Not Applicable

Other notes:

Applicable Not Applicable

5、 Changes in Scope of Consolidation for Other Reasons

Description of changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

Applicable Not Applicable

| Company Name | Methods of Equity Acquisition | Time of Acquisition | Amount Contributed | Percentage of Contribution |
|---|-------------------------------|---------------------|--------------------|----------------------------|
| HK Technology, Inc | Newly Established | March 2023 | 100,000 dollars | 100% |
| HK POWER Co., Ltd., Ltd | Newly Established | January 2023 | 3 billion won | 100% |
| Hangke Technology Hungary Korlatolt Felelossegu Tarsasag | Newly Established | March 2023 | 2 million euros | 100% |

6、 Others

Applicable Not Applicable

VII. Interests in Other Subjects

1、 Interests in Subsidiaries

(1). Composition of Enterprise Groups

Applicable Not Applicable

| Subsidiary Name | Principal Place of Business | Registered Office | Nature of Business | Shareholding (%) | | Way of Acquisition |
|---|-----------------------------|-------------------|--------------------|------------------|----------|--------------------|
| | | | | Direct | Indirect | |
| HONRECK Electronics Trading Japan Co., Ltd. | Japan | Japan | Trade | 100.00 | | Establishment |
| Hangke Electronics Co., Ltd. | South Korea | South Korea | Trade | | 100.00 | Establishment |
| HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA | Poland | Poland | Trade | | 100.00 | Establishment |
| HK POWER Co., Ltd | South Korea | South Korea | Industries | | 100.00 | Establishment |
| Hangke Technology Inc | USA | USA | Trade | | 100.00 | Establishment |
| HK Technology, Inc | USA | USA | Trade | | 100.00 | Establishment |
| Hangke Technology Germany GmbH | Germany | Germany | Trade | 100.00 | | Establishment |
| HangKe Electronic Trading Hong Kong Limited | Hong Kong | Hong Kong | Trade | 100.00 | | Establishment |

Description of the percentage of shareholding in subsidiaries that differs from the percentage of voting rights:

None

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

None

For significant structured subjects included in the scope of consolidation, the basis of control:

None

The basis for determining whether a company is an agent or a principal:

None

Other notes:

None

(2). Significant non-wholly owned subsidiaries

Applicable Not Applicable

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

Applicable Not Applicable

(4). Significant restrictions on the use of enterprise group assets and the settlement of enterprise group liabilities:

Applicable Not Applicable

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

Applicable Not Applicable

Other notes:

Applicable Not Applicable

2、 Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

Applicable Not Applicable

3、 Interests in Joint Ventures or Associates

Applicable Not Applicable

4、 Important Joint Operations

Applicable Not Applicable

5、 Interests in Structured Subjects not Included in the Scope of the Consolidated Financial Statements

Relevant notes on structured subjects not included in the scope of the consolidated financial statements:

Applicable Not Applicable

6、 Others

Applicable Not Applicable

VII. Risks Associated with Financial Instruments

Applicable Not Applicable

The Company's objective in engaging in risk management is to strike a balance between risk and return, minimize the negative impact of risk on the Company's operating results, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company's basic strategy for risk management is to identify and analyze the various risks faced by the Company, establish an appropriate risk tolerance floor and conduct risk management, and monitor the various risks in a timely and reliable manner in order to keep the risks within limits.

The Company is exposed to a variety of risks associated with financial instruments in its day-to-day activities, primarily credit risk, liquidity risk and market risk. Management has reviewed and approved policies to manage these risks, which are summarized below.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur a financial loss.

1. Credit risk management practices

(1) Evaluation methods for credit risk

The company assesses at each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Company considers information that is reasonably available and supportable without undue additional cost or effort, including qualitative and quantitative analyses based on historical data, external credit risk ratings and forward-looking information. The Company determines the change in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition on the basis of a single financial instrument or a combination of financial instruments with similar credit risk characteristics.

The Company considers that a significant increase in the credit risk of a financial instrument has occurred when one or more of the following quantitative and qualitative criteria are triggered:

1) The quantitative criterion is mainly the increase in the probability of default over a certain percentage of the remaining life of the balance sheet date compared to the initial recognition;

2) Qualitative criteria are, among other things, significant adverse changes in the debtor's business or financial situation, and changes in the existing or expected technological, market, economic or legal environment that will have a material adverse effect on the debtor's ability to repay the Company.

(2) Definition of defaulted and credit-impaired assets

The Company defines a financial asset as having been in default when one or more of the following conditions are met for the financial instrument, based on criteria consistent with the definition of having been credit-impaired:

1) The debtor is experiencing significant financial difficulties;

2) The debtor violates the terms of the contract binding the debtor;

3) The debtor is likely to go into bankruptcy or other financial reorganization;

4) The creditor grants concessions to the debtor that the debtor would not have made in any other case because of economic or contractual considerations relating to the debtor's financial difficulties.

2. Measurement of expected credit losses

The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company models the probability of default, default loss rate and exposure to default risk by considering quantitative analysis of historical statistics (e.g., counterparty ratings, security methods and types of collateral, repayment methods, etc.) and forward-looking information.

3. A detailed reconciliation of the opening and closing balances of the provision for losses on financial instruments is provided in Section X, Financial Reporting, VII, Notes to the Consolidated Financial Statements, Items V (I) 3, V (I) 4, V (I) 5, V (I) 7, V (I) 9, and V (I) 17.

4. Credit risk exposure and concentration of credit risk

The Company's credit risk is mainly from currency funds and receivables. In order to control the above related risks, the Company has taken the following measures respectively.

(1) Currency funds

The Company's bank deposits and other monetary funds are placed with financial institutions with high credit ratings; therefore, their credit risk is low.

(2) Receivables

The Company conducts periodic/ongoing credit evaluations of its customers who transact on a credit basis. Based on the results of the credit assessment, the Company selects to transact with recognized and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to significant risk of bad debts.

No collateral is required as the Company only deals with approved and creditworthy third parties. Credit risk concentration is managed on a customer-by-customer basis. As at June 30, 2023, the Company has some concentration of credit risk, with 68.34% (December 31, 2022: 62.92%) of the Company's Accounts Receivable originating from the top five customers in terms of balance. The Company does not hold any collateral or other credit enhancements on its Balances of Accounts Receivable.

The Company's maximum exposure to credit risk is the carrying amount of each financial asset in the Balance Sheet.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will experience a shortage of funds to meet its obligations that are settled by delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible; or from the inability of the counterparty to repay its contractual obligations; or from early maturity of obligations; or from the inability to generate expected cash flows.

In order to control this risk, the Company makes comprehensive use of a variety of financing means, such as bill settlement and bank borrowings, and adopts an appropriate combination of long-term and short-term financing methods to optimize the financing structure and maintain a balance between the continuity and flexibility of financing.

Financial liabilities by remaining maturity

| Item | Closing Amount | | | | |
|---|------------------|------------------------------|------------------|-----------|-------------------|
| | Book Value | Undiscounted Contract Amount | Within 1 year | 1-3 years | More than 3 years |
| Notes Payable | 1,362,872,208.67 | 1,362,872,208.67 | 1,362,872,208.67 | | |
| Accounts Payable | 1,522,498,067.20 | 1,522,498,067.20 | 1,522,498,067.20 | | |
| Other Accounts Payable | 8,705,443.44 | 8,705,443.44 | 8,705,443.44 | | |
| Other Current Liabilities | 38,798,785.30 | 38,798,785.30 | 38,798,785.30 | | |
| Non-current liabilities due within one year | 4,002,371.09 | 4,285,714.28 | 4,285,714.28 | | |
| Lease liabilities | | | | | |

| Item | Closing Amount | | | | |
|----------|------------------|------------------------------|------------------|-----------|-------------------|
| | Book Value | Undiscounted Contract Amount | Within 1 year | 1-3 years | More than 3 years |
| Subtotal | 2,937,160,218.89 | 2,937,160,218.89 | 2,937,160,218.89 | | |

(continued)

| Item | Prior Year-End Amount | | | | |
|---|-----------------------|------------------------------|------------------|--------------|-------------------|
| | Book Value | Undiscounted Contract Amount | Within 1 year | 1-3 years | More than 3 years |
| Notes Payable | 1,316,903,913.74 | 1,316,903,913.74 | 1,316,903,913.74 | | |
| Accounts Payable | 1,596,641,156.33 | 1,596,641,156.33 | 1,596,641,156.33 | | |
| Other Accounts Payable | 3,002,923.42 | 3,002,923.42 | 3,002,923.42 | | |
| Other Current Liabilities | 40,915,361.22 | 40,915,361.22 | 40,915,361.22 | | |
| Non-current liabilities due within one year | 3,840,678.51 | 4,285,714.28 | 4,285,714.28 | | |
| Lease Liabilities | 2,028,013.79 | 2,142,857.16 | | 2,142,857.16 | |
| Subtotal | 2,963,332,047.01 | 2,963,891,926.15 | 2,961,749,068.99 | 2,142,857.16 | |

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists mainly of interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest-bearing financial instruments with fixed interest rates expose the Company to fair value interest rate risk. The Interest-bearing financial instruments with floating interest rates expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate to variable-rate financial instruments based on market conditions and maintains an appropriate mix of financial instruments through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to changes in foreign exchange rates relates primarily to the Company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, in the event of a short-term imbalance, the Company buys and sells foreign currencies at market exchange rates when necessary to ensure that the net exposure is maintained at an acceptable level.

For details of monetary assets and liabilities denominated in foreign currencies at the end of the period, please refer to Section X. Financial Reporting VII. Notes to Consolidated Financial Statements Item V(4)2.

VII. Fair value disclosures

1、Closing Fair Value of Assets and Liabilities Measured at Fair Value

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Fair Value at End of Period | | | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------|
| | Level 1 Fair Value Measurements | Level 2 Fair Value Measurements | Level 3 Fair Value Measurements | Total |
| I. Ongoing fair value measurements | 4,891,527.96 | | 37,329,653.77 | 42,221,181.73 |
| (i) Financial assets held for trading | 4,891,527.96 | | | 4,891,527.96 |
| 1. Financial assets at fair value through profit or loss | | | | |
| (1) Investments in debt instruments | | | | |
| (2) Investments in equity instruments | | | | |
| (3) Derivative financial assets | | | | |
| 2. Financial assets that are specified to be measured at fair value and whose changes are included in current profits and Losses | | | | |
| (1) Investments in debt instruments | | | | |
| (2) Investments in equity instruments | | | | |
| (ii) Other debt investments | | | | |
| (iii) Investments in other equity instruments | | | | |
| (iv) Investment properties | | | | |
| 1. Land use rights for lease | | | | |
| 2. Rented buildings | | | | |
| 3. Land use rights held and intended to be transferred after appreciation in value | | | | |
| (v) Biological assets | | | | |
| 1. Expendable biological assets | | | | |
| 2. Productive biological assets | | | | |
| (vi) Receivables financing [Note] | | | 37,329,653.77 | 37,329,653.77 |
| | | | | |
| Total assets measured at fair value on an ongoing basis | 4,891,527.96 | | 37,329,653.77 | 42,221,181.73 |
| (vi) Financial liabilities | | | | |

| | | | | |
|--|--|--|--|--|
| held for trading | | | | |
| 1. Financial liabilities at fair value through profit or loss | | | | |
| Where: Exchangeable bonds issued | | | | |
| Derivative financial liabilities | | | | |
| Others | | | | |
| 2. Financial liabilities designated at fair value through profit or loss | | | | |
| | | | | |
| | | | | |
| Total liabilities measured at fair value on an ongoing basis | | | | |
| II. Discontinued fair value measurements | | | | |
| (i) Assets held for sale | | | | |
| | | | | |
| | | | | |
| Total assets not continuously measured at fair value | | | | |
| | | | | |
| | | | | |
| Total liabilities not continuously measured at fair value | | | | |

2、 Basis for determining the market value of continuing and discontinued Level 1 fair value measurements

Applicable Not Applicable

3、 Continuing and discontinued Level 2 fair value measurements, valuation techniques used and qualitative and quantitative information on significant parameters

Applicable Not Applicable

4、 Continuing and discontinued Level 3 fair value measurements, valuation techniques used and qualitative and quantitative information on significant parameters

Applicable Not Applicable

Receivables financing represents bankers' acceptances, which are determined at fair value based on the face amount.

5、 Ongoing Level 3 fair value measurements, information on reconciliations between opening and closing book values and sensitivity analysis of unobservable parameters

Applicable Not Applicable

6、 Ongoing fair value measurements that were converted between levels during the period, the reasons for the conversion and the policy for determining the point of conversion

Applicable Not Applicable

7、 Changes in valuation techniques that occurred during the period and reasons for the changes

Applicable Not Applicable

8、 Fair value position of financial assets and financial liabilities not measured at fair value

Applicable Not Applicable

9、 Others

Applicable Not Applicable

VII. Related Parties and Related Transactions**1、 Parent Company Status of the Enterprise**

Applicable Not Applicable

2、 Subsidiaries of the Company

Details of the Company's subsidiaries are set out in the notes

Applicable Not Applicable

For details of the Company's subsidiaries, please refer to "IX. Interests in Other Entities" in "Section X. Financial Reporting" of this report.

3、 Joint Ventures and Associates of the Enterprise

Details of significant joint ventures or associates of the enterprise are set out in the accompanying notes

Applicable Not Applicable

Other joint ventures or associates that had related party transactions with the Company during the current period or had balances arising from related party transactions with the Company in prior periods are as follows

Applicable Not Applicable

4、 Other Related Parties

Applicable Not Applicable

| Name of Other Related Parties | Relationship between Other Related Parties and the Company |
|---|--|
| Hangzhou Tongce Communication Electronics Co., Ltd. | Under the control of the same beneficial owner |
| | |

Other notes

None

5、 Related Transactions**(1). Purchase and sale of goods, provision and acceptance of labor related transactions**

Statement of purchases of goods/acceptance of services

Applicable Not Applicable

Statement of sale of goods/provision of services

Applicable Not Applicable

Description of related transactions for the purchase and sale of goods, provision and acceptance of services

Applicable Not Applicable

(2). Affiliated Fiduciary Management/Contracting and Delegated Management/Contracting Out

The Company's fiduciary/contracting schedule:

Applicable Not Applicable

Affiliated fiduciary/contracting statement

Applicable Not Applicable

The Company's delegated management/contracting schedule:

Applicable Not Applicable

Affiliated management/contracting statement

Applicable Not Applicable

(3). Affiliated Leases

The Company acts as lessor:

Applicable Not Applicable

The Company acts as the lessee:

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Name of Lessor | Types of Leased Assets | Rental Costs for Short-Term Leases and Leases of Low-Value Assets with Simplified Treatment (If Applicable) | | Variable Lease Payments Not Included in the Measurement of the Lease Liability (If Applicable) | | Rent Paid | | Interest Expense on Lease Liabilities Assumed | | Increased Right-To-Use Assets | |
|---|------------------------|---|--|--|--|----------------|--|---|--|-------------------------------|--|
| | | Current Amount | Amount Incurred in the Previous Period | Current Amount | Amount Incurred in the Previous Period | Current Amount | Amount Incurred in the Previous Period | Current Amount | Amount Incurred in the Previous Period | Current Amount | Amount Incurred in the Previous Period |
| Hangzhou Tongce Communication Electronics Co., Ltd. | Building | 4,650,331.58 | 1,606,200.00 | | | | | | | | |
| | | | | | | | | | | | |

Description of related leases

Applicable Not Applicable

(4). Related Guarantees

The Company as Guarantor

Applicable Not Applicable

The Company as a guaranteed party

Applicable Not Applicable

Description of related guarantees

Applicable Not Applicable**(5). Related party funds borrowing**Applicable Not Applicable**(6). Transfer of assets and restructuring of liabilities by related parties**Applicable Not Applicable**(7). Key management compensation**Applicable Not Applicable

Unit: RMB 10,000 Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|-----------------------------------|----------------|--|
| Key management compensation | 321.24 | 307.14 |
| Executive equity incentive income | 11.54 | 154.12 |

(8). Other related transactionsApplicable Not Applicable

As of June 30, 2023, the balance of Accounts Receivable transferred from the business combination was RMB8,272,023.37 that had not yet been paid by the customer.

6. Receivables and payables from related parties**(1). Items receivable**Applicable Not Applicable**(2). Items payable**Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item Name | Related Party | Closing Book Balance | Opening Book Balance |
|------------------------|---|----------------------|----------------------|
| Other Accounts Payable | Hangzhou Tongce Communication Electronics Co., Ltd. | 4,650,331.58 | |

7. Related Party CommitmentsApplicable Not Applicable**8. Others**Applicable Not Applicable

VII. Share-Based Payment

1、 Share-Based Payments in General

Applicable Not Applicable

Unit: Shares Currency: RMB

| | |
|--|--|
| Share-Based Payment Recipients | |
| Total amount of each equity instrument granted by the Company during the period | |
| Total amount of each equity instrument exercised by the Company during the period | 810,000 |
| Total amount of each equity instrument lapsed by the Company during the period | 132,000 |
| Range of exercise prices of the Company's stock options issued and outstanding at the end of the period and remaining contractual term | |
| Range of exercise prices of other equity instruments issued and outstanding by the Company at the end of the period and remaining contractual maturities | 2,179,500 shares of restricted stock Grant price: RMB27.77 per share; 51 months 867,000 restricted shares Grant price: RMB28/share; 29 months |

Other notes

(1) On May 19, 2020, the 2019 annual general meeting of the Company considered and passed the "Motion on the <2020 Restricted Stock Incentive Plan (Draft)> of Zhejiang Hangke Technology Incorporated Company and its summary", which had been examined and approved by the China Securities Regulatory Commission without objection. Pursuant to the plan, the Company intends to grant 3,410,000 restricted shares to the incentive recipients, who include a total of 101 persons, including the Company's core technical personnel and other persons deemed by the Board of Directors to be in need of incentives, etc.; the source of the underlying shares shall be 3,410,000 RMB ordinary shares of the Company issued by the Company in a directional manner to the incentive recipients, which accounted for 0.85% of the Company's total share capital of 401,000,000 shares at the time of the announcement of the draft of this Incentive Plan. The validity period of the restricted shares shall be 36 months from the date of authorization, and the grant price of each restricted share shall be RMB10.00 (RMB9.78/share after ex-rights), and the incentive recipients shall exercise the authorized stock options in two phases, which shall be the period commencing from the first trading day of the 12th month after the date of grant to the last trading day of the 24th month after the date of authorization, and the period commencing from the first trading day of the 24th month after the date of authorization to the last trading day of the 36th month after the date of authorization. If the unlocking conditions of the restricted shares stipulated in the plan are met, the incentive recipients may unlock (or be repurchased and canceled by the Company) 50% and 50% of the total number of restricted shares granted to them in installments after the expiration of the respective lock-up periods. The *Proposal on the First Grant of Restricted Shares to the Incentive Recipients* was considered and approved by the eleventh meeting of the second session of the Board of Directors of the Company on 22 May 2020, determining the date of the equity grant. The *Proposal on the Adjustment of the Grant Price of the Reserved Portion of the 2020 Restricted Stock Incentive Plan* and the *Proposal on the Grant of the Reserved Portion of Restricted Shares to the Incentive Recipients* were considered and approved at the Thirteenth Meeting of the Second Session of the Board of Directors of the Company on August 27, 2020, i.e., the grant price of the restricted shares under the reserved

grants was adjusted from RMB10.00 per share to RMB9.78 per share and the proposed grant of 800,000 restricted shares to the incentive recipients, comprising a total of 53 persons, including the core technical personnel of the Company and other persons deemed by the Board of Directors to be in need of incentives; the source of the Subject Shares shall be the 800,000 renminbi ordinary shares of the Company issued by the Company in a directional manner to the incentive recipients, which accounted for 0.20% of the total share capital of the Company of 401,000,000 shares as at the time of announcement of the Draft Incentive Plan. The validity period of the restricted shares is 36 months from the date of authorization, and the grant price of each restricted share is RMB9.78. The incentive recipients shall exercise the authorized stock options in two phases, namely, from the first trading day of the 12th month from the date of grant to the last trading day of the 24th month from the date of authorization and from the first trading day of the 24th month from the date of authorization to the last trading day of the 36th month from the date of authorization. If such period is reached, the incentive recipients shall be entitled to exercise the options in two phases. If the unlocking conditions for the restricted shares specified in the plan are met, the incentive recipients may unlock (or repurchased and cancelled by company) 50% and 50% of the total number of restricted shares granted to them, respectively, upon the expiration of the respective lock-up periods. The equity grant date of August 27, 2020 was determined.

On May 24, 2021, the Eighteenth Meeting of the Second Session of the Board of Directors of the Company considered and passed the *Proposal on Adjustment of the Grant Price of the Company's 2020 Restricted Stock Incentive Plan*, pursuant to the relevant provisions of the 2020 Restricted Stock Incentive Plan, the grant price of the 2020 Restricted Stock Incentive Plan was adjusted from RMB9.78/share to RMB9.50/share in connection with dividend payout matters.

(2) On September 27, 2021, the Second Extraordinary Shareholders' General Meeting of the Company in 2021 considered and passed the *Proposal on Consideration of the Company's <2021 Restricted Stock Incentive Plan (Draft) and its Summary>* "which was reviewed and approved by the China Securities Regulatory Commission without objection. Pursuant to the Plan, the Company intends to grant 3,000,000 restricted shares to the incentive recipients, who include a total of 465 senior management personnel and technical and business backbone personnel of the Company; the source of the underlying shares shall be the 3,000,000 renminbi ordinary shares of the Company issued by the Company in a directional manner to the incentive recipients, which accounted for 0.74% of the total share capital of the Company of 4,030,900 shares at the time of the announcement of the Draft Incentive Plan. The validity period of the restricted shares shall be 48 months from the date of authorization, and the grant price of each restricted share shall be RMB28. The incentive recipients shall exercise the authorized stock options in three phases, which shall be from the first trading day of the 12th month from the date of grant to the last trading day of the 24th month from the date of grant, from the first trading day of the 24th month from the date of grant to the last trading day of the 36th month from the date of grant, and from the first trading day of the 36th month from the date of grant to the last trading day of the 48th month from the date of grant, respectively. If the unlocking conditions of the restricted shares

stipulated in the Plan are met, the incentive recipients may unlock (or repurchased and cancelled by the Company) one-third, one-third and one-third of the total number of restricted shares granted to them in installments after the expiration of the respective lock-up periods. On November 24, 2021, the Twenty-fourth Meeting of the Second Session of the Board of Directors of the Company considered and passed the *Proposal on the Granting of Reserved Restricted Shares to Incentive Recipients*, and determined the date for the granting of the equity interests as November 24, 2021 grant date to be November 24, 2021.

On March 6, 2023, the Thirteenth Meeting of the Third Session of the Board of Directors of the Company considered and approved the *Proposal on Adjustment of the Grant Price of the Company's 2021 Restricted Stock Incentive Plan*. In accordance with the relevant provisions of the 2021 Restricted Stock Incentive Plan, the grant price under the 2021 Restricted Stock Incentive Plan was adjusted from RMB28.00 to RMB27.77 per share due to dividend payout matters.

- (3) On April 6, 2022, the First Extraordinary Shareholders' General Meeting of 2022 of the Company considered and passed the *Proposal for Consideration of the Company's <2022 Restricted Stock Incentive Plan (Draft) and its Summary>*, which had been reviewed and approved by the China Securities Regulatory Commission without objection. Pursuant to the Plan, the Company intends to grant 3,200,000 restricted shares to the incentive recipients, who include a total of 245 technical and business backbone personnel of the Company; the source of the underlying shares shall be 3,200,000 renminbi ordinary shares of the Company to be issued by the Company to the incentive recipients on a directional basis, which accounted for 0.79% of the Company's total share capital of 403,090,000 at the time of the announcement of the Draft Incentive Plan. The validity period of the restricted shares is 60 months from the date of authorization, and the grant price of each restricted share is RMB28. The incentive recipients shall exercise the authorized stock options in four phases, namely, from the first trading day of the 12th month from the date of grant to the last trading day of the 24th month from the date of grant, from the first trading day of the 24th month from the date of grant to the last trading day of the 36th month from the date of grant, and from the first trading day of the 36th month from the date of grant to the last trading day of the 36th month from the date of grant, from the first trading day of the 36th month from the date of grant to the last trading day of the 48th month from the date of grant, from the first trading day of the 48th month from the date of grant to the last trading day of the 60th month from the date of grant. If the unlocking conditions of the restricted shares stipulated in the plan are met, the incentive recipients may unlock (or be repurchased and canceled by the Company) one-fourth, one-fourth, one-fourth and one-fourth of the total number of restricted shares granted to them in installments after the expiration of the respective lock-up periods. On April 6, 2022, the Company's Third Session of the Board of Directors considered and passed the *Proposal on the First Grant of Restricted Shares to Incentive Recipients* at the Third Session of the Board of Directors' Meeting, and determined that the shareholding grant date to be April 6, 2022.

2、Equity-settled share-based payments

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| | |
|--|--|
| Equity-settled share-based payment recipients | |
| Method of determining the fair value of equity instruments at the grant date | See other notes for details |
| Basis for determining the number of equity instruments for which options are exercisable | Determined by estimated performance conditions for each unlocking period |
| Reasons for significant differences between current and prior period estimates | |
| Cumulative amount of equity-settled share-based payments recognized in capital surplus | 305,867,121.46 |
| Total expense recognized for equity-settled share-based payments during the period | 24,696,848.69 |

Other notes

In accordance with the relevant provisions of ASBE 22, *Recognition and Measurement of Financial Instruments*, regarding the determination of fair value, since there is no current market price for the Company's Class II restricted stock grants, nor is there a market price for restricted stock under the same trading conditions, the Company uses the Black-Scholes Scholes option pricing model for valuation.

(1) 2021 Restricted Stock Incentive Plan

The parameters of the stock price on the grant date, the exercise price, the remaining term of each period, the risk-free interest rate and the expected volatility determined by the option pricing model estimates are as follows:

Stock price on grant date: RMB122.46.

Exercise price: RMB27.77.

Remaining term of each period: one-third of the total number of shares granted may be exercised from the first trading day of the 12th month from the date of authorization to the last trading day of the 24th month from the date of grant, one-third of the total number of shares granted may be exercised from the first trading day of the 24th month from the date of grant to the last trading day of the 36th month from the date of grant, and one-third of the total number of shares granted may be exercised from the the first trading day of the 36th month from the grant date to the last trading day of the 48th month from the grant date.

Risk-free rates: 1.50%, 2.10%, 2.75%.

Expected volatility: 14.11%, 17.46% and 17.73%.

Based on the parametric assumptions and the B-S model described above, the results of calculating the fair value of the Company's restricted stock grants for fiscal 2021 are presented below:

| Exercise Period | Number of Shares of Restricted Stock (10,000) [Note] | Fair Value Per Unit | Fair Value (10,000 Yuan) |
|-------------------------|--|---------------------|--------------------------|
| First batch (one third) | 81.00 | 94.88 | 7,685.03 |
| Second (one third) | | | |
| Third (one third) | 86.70 | 96.68 | 8,381.92 |
| Total | 167.70 | | 16,066.95 |

[Note] The original number of shares granted was 3,000,000. Due to reasons such as resignation of the incentive object, failure in assessment, non-payment, etc., for the first batch (one-third) of shares, 81,000 shares were actually exercised on March 13, 2023. The second batch (one third) has expired due to failure to meet the exercise conditions, and the third batch (one third) is expected to exercise 867,000 shares.

The estimated cost of apportioning the fair value of restricted stock under the Company's 2021 Restricted Stock Incentive Plan over the years based on the percentage of exercise in each period is calculated as follows:

Unit: 10,000 Yuan

| 2021 | 2022 | 2023 | 2024 | Total amortization |
|----------|----------|----------|----------|--------------------|
| 1,538.55 | 9,235.37 | 2,793.97 | 2,499.05 | 16,066.95 |

Note: The company-level performance appraisal target of the second batch (one third) of the 2021 restricted stock incentive plan is "Based on the operating revenue of 2020, the growth rate of operating revenue in 2022 is not less than 165% or based on the net profit of 2020, the growth rate of net profit in 2022 is not less than 100%". As the growth rate of the Company's operating income and net profit in 2022 did not meet the exercise conditions, resulting in the lapse of that part of the Company's restricted share incentive, in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises - Share-based Payment*, in 2022, the company will pay 4,205,100 Yuan of employee services in exchange for the shares of the second batch (one-third) of the rights settlement of the 2021 restricted stock incentive plan accumulated in the previous period to offset management expenses and reduce capital reserves (other capital reserves).

(2) 2022 Restricted Stock Incentive Plan

The parameters of the stock price on the grant date, the exercise price, the remaining term of each period, the risk-free interest rate and the expected volatility determined by the option pricing model estimates are as follows:

Stock price on grant date: RMB56.02.

Exercise price: RMB27.77.

Remaining term of each period: One quarter of the total number of shares granted can be exercised from the first trading day of the 12th month from the grant date to the last trading day of the 24th month from the grant date; one quarter of the total number of shares granted can be exercised from the first trading day of the 24th month from the grant date to the last trading day of the 36th month from the grant date; one quarter of the total number of shares granted can be exercised from the first trading day of the 36th month from the grant date to the last trading day of the 48th month from the grant date and one quarter of the total number of shares granted can be exercised from the first trading day of the 48th month from the grant date to the last trading day of the 60th month from the grant date.

Risk-free rates: 1.50%, 2.10%, 2.75% and 2.75%.

Expected volatility: 14.11%, 17.46%, 17.73% and 17.73%.

Based on the parametric assumptions and the B-S model described above, the results of calculating the fair value of the Company's restricted stock grants for fiscal 2022 are presented below:

| Exercise Period | Number of Shares of Restricted Stock (10,000) [Note] | Fair Value Per Unit | Fair value (10,000 Yuan) |
|---------------------------|---|---------------------|--------------------------|
| First batch (one quarter) | | | |
| Second (one quarter) | 72.65 | 29.18 | 2,135.53 |
| Third (one quarter) | 72.65 | 30.26 | 2,213.48 |
| Fourth (one quarter) | 72.65 | 30.99 | 2,266.04 |
| Total | 217.95 | | 6,615.05 |

[Note] The original number of shares granted was 3,200,000. The first batch (one fourth) has lapsed due to failure to meet the exercise conditions, and the incentive object has left the company; For the second (one quarter), third (one quarter) and fourth (one quarter) batches, 726,500 shares are expected to be exercised.

The estimated cost of spreading the fair value of restricted stock under the Company's 2022 Restricted Stock Incentive Plan over the years based on the percentage of exercise in each period is as follows:

Unit: 10,000 Yuan

| Year 2022 | Year 2023 | Year 2024 | Year 2025 | Year 2026 | Total Amortization |
|-----------|-----------|-----------|-----------|-----------|--------------------|
| 1,838.86 | 2,279.37 | 1,586.11 | 761.22 | 149.49 | 6,615.05 |

Note: The company-level performance appraisal target for the first quarter of the 2022 Restricted Stock Incentive Plan is "based on 2020 operating income, the growth rate of operating income in 2022 shall not be less than 165% or based on 2020 net profit, the growth rate of net profit in 2022 shall not be less than 100%". As the growth rate of the Company's revenue and net profit in 2022 did not meet the conditions for the exercise of the right, resulting in the lapse of the Company's restricted share incentive.

3、 Cash-Settled Share-Based Payments

Applicable Not Applicable

4、 Modification and Termination of Share-Based Payment

Applicable Not Applicable

5、 Others

Applicable Not Applicable

VII. Commitments and Contingencies

1、 Important Commitments

Applicable Not Applicable

Existence, nature and amount of significant foreign commitments at the balance sheet date

As of the balance sheet date, the Company had outstanding guarantees in the amount of RMB245,303,636.13.

2、 Contingency

(1). Significant contingencies existing at the balance sheet date

Applicable Not Applicable

(2). There are no material contingencies that the company is required to disclose, which should also be stated:

Applicable Not Applicable

3、 Others

Applicable Not Applicable

VII. Events after the Balance Sheet Date

1、 Significant Non-Adjusting Items

Applicable Not Applicable

2、 Distribution of Profits

Applicable Not Applicable

3、 Sales Returns

Applicable Not Applicable

4、 Description of Other Post-Balance Sheet Events

Applicable Not Applicable

VIII. Other Important Matters

1、 Correction of Prior-Period Accounting Errors

(1). Retrospective Approach

Applicable Not Applicable

(2). Prospective Application Law

Applicable Not Applicable

2、 Debt Restructuring

Applicable Not Applicable

3、 Asset Replacement

(1). Non-monetary exchange of assets

Applicable Not Applicable

(2). Other asset replacement

Applicable Not Applicable

4、 Pension Plan

Applicable Not Applicable

5、 Close Down

Applicable Not Applicable

6、 Division Information**(1). Basis for determining reportable divisions and accounting policies**

Applicable Not Applicable

(2). Financial information on reportable divisions

Applicable Not Applicable

(3). If the company has no reportable divisions, or if it cannot disclose total assets and total liabilities for each reportable division, it should explain reasons

Applicable Not Applicable

(4). Other notes

Applicable Not Applicable

7、 Other Significant Transactions and Events Affecting Investors' Decisions

Applicable Not Applicable

In 2021, the Company received a Commercial Promissory Note of RMB10,000,000.00 paid by Hubei Xingquan Machinery Equipment Company Limited and issued by Soundon New Energy Technology Company Limited and a Commercial Promissory Note of RMB8,699,712.00 paid by Yangzhou Hengda New Energy Science and Technology Development Company Limited and issued by the Company. As at the date of reporting of the notes to the financial statements, the above Commercial Promissory Notes were due and unpaid. Therefore, the Company did not terminate the recognition of the corresponding accounts receivable of RMB10,000,000.00 and the corresponding contract liabilities of RMB 8,699,712.00 by treating these commercial promissory notes as refunds.

8、 Others

Applicable Not Applicable

(i) Division Information

The Company's principal business is the manufacture and sale of specialized equipment. The Company treats this business as a whole to implement management and evaluate operating results. Therefore, the Company is not required to disclose division information.

Details of the Company's operating revenues and operating costs by product/region are set out in the notes V(II)1 to these financial statements.

(ii) Leases**1. Company as lessee**

(1) Information on right-of-use assets is described in the notes to these financial statements in note V(I)13.

(2) The Company's accounting policies for short-term leases and leases of low-value assets are described in the notes to the financial statements in note III (XXIV)1. The amounts of short-term lease

charges and low-value asset lease charges recognized in profit or loss were as follows:

| Item | Current period |
|---|----------------|
| Short-term Rental Costs | 4,650,331.58 |
| Lease costs for low-value assets (other than short-term leases) | |
| Total | 4,650,331.58 |

(3) Current gains and losses and cash flows related to leases

| Item | Current period | Same period last year |
|---|----------------|-----------------------|
| Interest expense on lease liabilities | 114,843.36 | 307,671.00 |
| Variable lease payments not included in the measurement of the lease liability included in current profit or loss | | |
| Income from sublease of right-to-use assets | | |
| Total cash outflows related to leases | 2,250,000.00 | 2,250,000.00 |

(4) The maturity analysis of lease liabilities and the corresponding liquidity risk management are described in Note VIII (II) to these financial statements.

2. Company as lessor

Operating Lease

(1) Rental income

| Item | Current period | Same period last year |
|---------------|----------------|-----------------------|
| Rental income | 513,761.47 | 513,328.68 |

(2) Operating lease assets

| Item | Closing Amount | Prior year-end Amount |
|--------------|----------------|-----------------------|
| Fixed Assets | 1,644,959.19 | 1,597,084.13 |
| Subtotal | 1,644,959.19 | 1,597,084.13 |

Fixed assets under operating leases are described in note V (I) 11 to these financial statements.

IX. Notes to the Main Items of the Parent Company's Financial Statements

1、Accounts Receivable

(1). Disclosure by age

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Age of Accounts | Closing Book Balance |
|----------------------------------|----------------------|
| Within 1 year | |
| Where: less than 1 year sub-item | |
| Within 1 year | 1,380,334,854.67 |
| Subtotal less than 1 year | 1,380,334,854.67 |

| | |
|-------------------|------------------|
| 1 to 2 years | 859,586,060.83 |
| 2 to 3 years | 124,750,184.05 |
| More than 3 years | 82,460,792.01 |
| 3 to 4 years | |
| 4 to 5 years | |
| More than 5 years | |
| Total | 2,447,131,891.56 |

(2). Disclosure by bad debt accrual method

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Type | Closing Balance | | | | | Opening Balance | | | | |
|--|------------------|----------------|-------------------------|-------------------|------------------|------------------|----------------|-------------------------|-------------------|------------------|
| | Carrying Amount | | Provision for Bad Debts | | Book Value | Carrying Amount | | Provision for Bad Debts | | Book Value |
| | Amount | Proportion (%) | Amount | Accrual Ratio (%) | | Amount | Proportion (%) | Amount | Accrual Ratio (%) | |
| Provision for bad debts on an individual basis | 49,316,495.73 | 2.02 | 43,021,495.73 | 87.24 | 6,295,000.00 | 36,726,495.73 | 1.98 | 36,726,495.73 | 100 | 0.00 |
| Where: | | | | | | | | | | |
| Individually significant and individually bad debt provisioned | 49,316,495.73 | 2.02 | 43,021,495.73 | 87.24 | 6,295,000.00 | 36,726,495.73 | 1.98 | 36,726,495.73 | 100 | 0.00 |
| Provision for bad debts by portfolio | 2,397,815,395.83 | 97.98 | 279,225,503.35 | 11.64 | 2,118,589,892.48 | 1,825,449,864.85 | 98.02 | 151,049,328.36 | 8.27 | 1,674,400,536.49 |
| Where: | | | | | | | | | | |
| | 2,397,815,395.83 | 97.98 | 279,225,503.35 | 11.64 | 2,118,589,892.48 | 1,825,449,864.85 | 98.02 | 151,049,328.36 | 8.27 | 1,674,400,536.49 |
| Total | 2,447,131,891.56 | / | 322,246,999.08 | / | 2,124,884,892.48 | 1,862,176,360.58 | / | 187,775,824.09 | / | 1,674,400,536.49 |

Provision for bad debts is made on an individual basis:

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Name | Closing Balance | | | Reasons for the provision |
|--|-----------------|-------------------------|-------------------|---|
| | Carrying Amount | Provision for Bad Debts | Accrual Ratio (%) | |
| Jiangxi Weile Battery Co., Ltd. | 12,590,000.00 | 6,295,000.00 | 50.00 | Tight client liquidity and high risk of recovery |
| Hubei Xingquan Machinery Equipment Co., Ltd. | 36,726,495.73 | 36,726,495.73 | 100.00 | Tight client liquidity and low likelihood of recovery of payments |
| Total | 49,316,495.73 | 43,021,495.73 | 87.24 | / |

A description of the provision for bad debts on an individual basis:

Applicable Not Applicable

Provision for bad debts is made on a portfolio basis:

Applicable Not Applicable

Portfolio accruals: Accounts Receivable for which bad debt provisions are made based on a combination of credit risk characteristics

Unit: Yuan Currency: RMB

| Name | Closing Balance | | |
|-------------------|---------------------|-------------------------|-------------------|
| | Accounts Receivable | Provision for Bad Debts | Accrual Ratio (%) |
| Within 1 year | 1,380,334,854.67 | 69,016,742.73 | 5.00 |
| 1-2 years | 846,996,060.83 | 127,049,409.12 | 15.00 |
| 2-3 years | 124,750,184.05 | 37,425,055.22 | 30.00 |
| More than 3 years | 45,734,296.28 | 45,734,296.28 | 100.00 |
| Total | 2,397,815,395.83 | 279,225,503.35 | 11.64 |

Criteria and description of recognition of bad debts by portfolio:

Applicable Not Applicable

If bad debt provisioning is based on the general model of expected credit losses, please refer to the disclosure of other receivables:

Applicable Not Applicable

(3). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Opening Balance | Amount of change during the period | | | | Closing Balance |
|--------------------------------------|-----------------|------------------------------------|----------------------|-----------------------|---------------|-----------------|
| | | Make Provision | Recovery or reversal | Re-sale or Write-Offs | Other changes | |
| Individual Provision for Bad Debts | 36,726,495.73 | 6,295,000.00 | | | | 43,021,495.73 |
| Provision for bad debts by portfolio | 151,049,328.36 | 128,176,174.99 | | | | 279,225,503.35 |
| Total | 187,775,824.09 | 134,471,174.99 | | | | 322,246,999.08 |

Where the amount of bad debt provision recovered or reversed during the period is significant:

Applicable Not Applicable

(4). Actual Accounts Receivable written off during the period

Applicable Not Applicable

(5). Top Five Accounts Receivable by party owed at end of period

Applicable Not Applicable

| Name of Unit | Carrying Amount | PercentAge of Accounts Receivable balance (%) | Provision for Bad Debts |
|--------------|------------------|---|-------------------------|
| First Place | 610,007,770.40 | 24.93 | 56,864,911.67 |
| Second Place | 537,781,103.22 | 21.98 | 52,471,685.16 |
| Third Place | 168,729,582.46 | 6.89 | 8,436,479.10 |
| Fourth Place | 142,409,777.60 | 5.82 | 16,252,112.34 |
| Fifth Place | 135,795,531.72 | 5.55 | 18,584,213.45 |
| Subtotal | 1,594,723,765.40 | 65.17 | 152,609,401.72 |

(6). Receivables derecognized due to transfer of financial assets

Applicable Not Applicable

(7). Amounts of assets and liabilities resulting from the transfer of receivables and continuing involvement

Applicable Not Applicable

Other notes:

Applicable Not Applicable

2. Other Receivables**Item Presentation**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | Opening Balance |
|----------------------|-----------------|-----------------|
| Interest receivable | | |
| Dividends receivable | | |
| Other receivables | 92,230,130.82 | 97,885,479.26 |
| Total | 92,230,130.82 | 97,885,479.26 |

Other notes:

Applicable Not Applicable

Interest receivable**(1). Classification of interest receivable**

Applicable Not Applicable

(2). Significant overdue interest

Applicable Not Applicable

(3). Provision for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Dividends Receivable**(4). Dividends receivable**

Applicable Not Applicable

(5). Significant dividends receivable aged over 1 year

Applicable Not Applicable

(6). Provision for bad debts

Applicable Not Applicable

Other notes:

Applicable Not Applicable

Other Receivables**(7). Disclosure by age**

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Age of Accounts | Closing Book Balance |
|----------------------------------|----------------------|
| Within 1 year | |
| Where: less than 1 year sub-item | |
| Within 1 year | 19,096,557.67 |
| Subtotal less than 1 year | 19,096,557.67 |
| 1 to 2 years | 78,688,876.68 |
| 2 to 3 years | 10,289,794.09 |
| More than 3 years | 60,828,125.08 |
| 3 to 4 years | |
| 4 to 5 years | |
| More than 5 years | |
| Total | 168,903,353.52 |

(8). Classification by nature of payment

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Nature of Payment | Closing Book Balance | Opening Balance |
|----------------------------|----------------------|-----------------|
| Related Party Transactions | 140,635,023.62 | 134,240,759.92 |
| Deposit Guarantee | 19,152,773.50 | 16,031,473.50 |
| Reserve Fund | 7,096,602.43 | 5,318,575.33 |
| Others | 2,018,953.97 | 6,462,748.56 |
| Total | 168,903,353.52 | 162,053,557.31 |

(9). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Provision for Bad Debts | Phase I | Phase II | Phase III | Total |
|-------------------------|--------------------------------|-----------------------------------|--------------------------------------|-------|
| | Expected credit losses for the | Expected credit losses (no credit | Expected credit losses over lifetime | |
| | | | | |

| | next 12 months | impairment) over lifetime | (credit impairment incurred) | |
|--|----------------|------------------------------|---------------------------------|---------------|
| Balance on January 1, 2023 | 4,472,443.28 | 1,671,500.03 | 58,024,134.74 | 64,168,078.05 |
| Balance on January 1, 2023 in the current period | | | | |
| --Transfer to Phase II | -3,934,443.83 | 3,934,443.83 | | |
| --Transfer to Phase III | | -1,543,469.11 | 1,543,469.11 | |
| --Transfer back to phase II | | | | |
| -- Transfer back to phase I | | | | |
| Provision for the current period | 416,828.43 | 7,740,856.75 | 4,347,459.46 | 12,505,144.64 |
| Reversal during the period | | | | |
| Write-offs during the period | | | | |
| Write-offs during the period | | | | |
| Other changes | | | | |
| Balance on June 30, 2023 | 954,827.88 | 11,803,331.50 | 63,915,063.31 | 76,673,222.69 |

A description of significant changes in the carrying amount of other receivables for which a change in the provision for losses has occurred during the period:

Applicable Not Applicable

The amount of Provision for Bad Debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:

Applicable Not Applicable

(10). Provision for bad debts

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Type | Opening Balance | Amount of Change during the Period | | | | Closing Balance |
|---|--------------------|------------------------------------|----------------------------|--------------------------|------------------|--------------------|
| | | Make Provision | Recovery or reversal | Re-sale or Write-Offs | Other Changes | |
| Individual Provision for Bad Debts | 4,330,000.00 | | | | | 4,330,000.00 |
| Provision for bad debts by portfolio | 59,838,078.05 | 12,505,144.65 | | | | 72,343,222.70 |
| Total | 64,168,078.05 | 12,505,144.65 | | | | 76,673,222.70 |

Where the amount of the provision for bad debts reversed or recovered during the period is significant:

Applicable Not Applicable

(11). Other receivables actually written off during the period□Applicable Not Applicable

Note on write-off of other receivables:

□Applicable Not Applicable**(12). Top five other accounts receivable with closing balances, grouped by party owed**Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Name of Unit | Nature of payments | Closing Balance | Age of Accounts | Percentage of total closing balance of other receivables (%) | Closing Balance of Provision for Bad Debts |
|---|------------------------|-----------------|---|--|--|
| HangKe Electronic Trading Hong Kong Limited | Related party accounts | 72,258,000.00 | Less than 1 year 2,612,000.00; 1-2 years 69,646,000.00 | 42.78 | 10,577,500.00 |
| HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA | Related party accounts | 68,326,026.23 | Less than 1 year 3,782,263.70; 1-2 years 7,736,676.30; 2-3 years 2,440,437.74; more than 3 years 54,366,648.49 | 40.45 | 56,448,394.45 |
| Fujian Energy Technology Co., Ltd. | Deposit Guarantee | 2,384,920.00 | Within 1 year | 1.41 | 119,246.00 |
| Zhejiang Zhixin Holding Group Co., Ltd. | Deposit Guarantee | 2,280,000.00 | More than 3 years | 1.35 | 2,280,000.00 |
| Zhejiang Outstanding Power Systems Co., Ltd. | Deposit Guarantee | 2,050,000.00 | More than 3 years | 1.21 | 2,050,000.00 |
| Total | / | 147,298,946.23 | / | 87.20 | 71,475,140.45 |

(13). Receivables relating to government grants□Applicable Not Applicable**(14). Other receivables derecognized due to transfer of financial assets**□Applicable Not Applicable**(15). Amounts of assets and liabilities resulting from the transfer of other receivables with continuing involvement**□Applicable Not Applicable

Other notes:

□Applicable Not Applicable

3、 Long-term equity investments

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Closing Balance | | | Opening Balance | | |
|--|-----------------|--------------------------|---------------|-----------------|--------------------------|---------------|
| | Carrying Amount | Provision for Impairment | Book Value | Carrying Amount | Provision for Impairment | Book Value |
| Investments in subsidiaries | 74,179,098.16 | | 74,179,098.16 | 64,699,481.59 | | 64,699,481.59 |
| Investments in associates and joint ventures | | | | | | |
| Total | 74,179,098.16 | | 74,179,098.16 | 64,699,481.59 | | 64,699,481.59 |

(1) Investments in subsidiaries

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Investee | Opening Balance | Increase during the period | Decrease during the period | Closing Balance | Provision for impairment for the period | Closing Balance of Provision for Impairment |
|---|-----------------|----------------------------|----------------------------|-----------------|---|---|
| HONRECK Electronics Trading Japan Co., Ltd. | 55,078,400.00 | | | 55,078,400.00 | | |
| HangKe Electronic Trading Hong Kong Limited | 650,000.00 | | | 650,000.00 | | |
| Hangke Technology Germany GmbH | 8,971,081.59 | 9,479,616.57 | | 18,450,698.16 | | |
| Total | 64,699,481.59 | 9,479,616.57 | | 74,179,098.16 | | |

(2) Investments in associates and joint ventures

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

4、 Operating Income and Operating Costs**(1). Operating revenues and operating costs**

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | | Amount Incurred in the Previous Period | |
|----------------|------------------|------------------|--|------------------|
| | Revenue | Cost | Revenue | Cost |
| Main business | 2,085,302,641.73 | 1,273,629,204.24 | 1,936,273,220.48 | 1,355,650,218.01 |
| Other business | 17,734,283.27 | 375,332.87 | 19,157,586.53 | 48,186.24 |
| Total | 2,103,036,925.00 | 1,274,004,537.11 | 1,955,430,807.01 | 1,355,698,404.25 |

(2). Revenue generated from contracts

Applicable Not Applicable

(3). Description of performance obligations

Applicable Not Applicable

(4). Statement of apportionment to remaining performance obligations

Applicable Not Applicable

Other notes:

None

5、 Investment Income

Applicable Not Applicable

Unit: Yuan Currency: RMB

| Item | Current Amount | Amount Incurred in the Previous Period |
|---|----------------|--|
| Income from long-term equity investments accounted for under the cost method | | |
| Income from long-term equity investments accounted for by the equity method | | |
| Investment income from disposal of long-term equity investments | | |
| Investment income from trading financial assets during the holding period | | |
| Dividend income earned on investments in other equity instruments during the holding period | | |
| Interest income earned on debt investments during the holding period | | |
| Interest income earned on other debt investments during the holding period | | |
| Investment income from disposal of financial assets held for trading | | |
| Investment income from disposal of investments in other equity instruments | | |
| Investment income from disposal of debt investments | | |
| Investment income from disposal of other debt investments | | |
| Gain on debt restructuring | | |
| Income from financial products | 1,337,473.98 | 6,071,514.39 |
| Gain on derecognition of financial assets measured at amortized cost | -902,723.43 | |
| Interest income on current loans | 1,692,663.70 | 1,501,677.67 |
| Total | 2,127,414.25 | 7,573,192.06 |

Other notes:

None

6、 Others

□Applicable √Not Applicable

X. Additional Information**1、 Breakdown of Non-Recurring Gains and Losses for the period**

√Applicable □ Not Applicable

Unit: Yuan Currency: RMB

| Item | Amount | Remarks |
|--|---------------|---------|
| Gains and losses on disposal of non-current assets | -66,430.28 | |
| Excessive authorization, or no official approval documents, or occasional tax rebates or exemptions | | |
| Government grants recognized in profit or loss for the current period, except for government grants that are closely related to the Company's normal business operations, in line with national policies, and in accordance with certain standards of fixed amount or quantitatively sustained enjoyment | 16,650,749.55 | |
| Occupancy fees charged to non-financial corporations included in profit or loss for the period | | |
| The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition | | |
| Gains and Losses on exchange of non-monetary assets | | |
| Gains and Losses on entrusted investments or management of assets | | |
| Provision for impairment of various assets due to force majeure factors, such as natural disasters | | |
| Debt restructuring gains and Losses | | |
| Business reorganization costs, such as expenditures for relocating employees, integration costs, etc. | | |
| Gains and Losses in excess of fair value arising from transactions where the transaction price is significantly less than fair value | | |
| Net profit or loss of subsidiaries for the period from the beginning of the period to the date of consolidation arising from a business combination under the same control | | |
| Gains and Losses arising from contingencies unrelated to the Company's normal business operations | | |
| Gains or Losses from changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative | -3,144,416.25 | |

| | | |
|---|---------------|--|
| financial liabilities and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, except for effective hedging operations related to the Company's normal business operations | | |
| Reversal of provision for impairment of receivables and contract assets individually tested for impairment | | |
| Gains and Losses on external entrusted loans | | |
| Gains and Losses arising from changes in the fair value of investment properties subsequently measured using the fair value model | | |
| Effect of one-time adjustment to current profit or loss in accordance with tax, accounting and other laws and regulations on current profit or loss | | |
| Custodial fee income earned on trusteeship | | |
| Non-operating income and expenses other than those listed above | -325,829.03 | |
| Other items of profit or loss that meet the definition of non-recurring profit or loss | | |
| Less: Income tax effect | 1,936,485.54 | |
| Impact of minority interests (after tax) | | |
| Total | 11,177,588.45 | |

For non-recurring profit and loss items defined by the Company in accordance with the definition of *Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss* and for items listed as non-recurring profit and loss in *Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-Recurring Gains and Losses of Companies in Public Offerings*" definition of non-recurring items of gains and losses and items defining non-recurring items of gains and losses as recurring items of gains and losses, the reasons thereof shall be explained.

Applicable Not Applicable

2、 Return on Net Assets and Earnings Per Share

Applicable Not Applicable

| Profit for the Reporting Period | Weighted Average Return on Net Assets (%) | Earnings Per Share | |
|--|---|--------------------------|----------------------------|
| | | Basic Earnings Per Share | Diluted Earnings Per Share |
| Net profit attributable to ordinary shareholders of the Company | 10.98 | 0.80 | 0.80 |
| Net profit attributable to ordinary shareholders of the Company after extraordinary gains and losses | 10.72 | 0.78 | 0.78 |

3、 Differences in Accounting Data under Domestic and Foreign Accounting Standards

Applicable Not Applicable

4、 Others

Applicable Not Applicable

President: Yan Lei

Date of Submission approved by the Board of Directors: August 31, 2023

Revision Information

Applicable Not Applicable