



NEE

中期報告 2025

INTERIM REPORT 2025



東北電氣發展股份有限公司
NORTHEAST ELECTRIC DEVELOPMENT CO., LTD.

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Chapter 1 IMPORTANT NOTICE

- 1.1 The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company hereby confirm that there are no false representations, misleading statements or material omissions contained in this report, and they, severally and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this interim report.
- 1.2 the Company's Chairman, Zhu Xinguang, Chief Accounting Officer, Liu Kejia, and Chief Financial Officer, Lin Bin hereby represent: guaranteeing the truthfulness, accurateness and integrity of the financial statements in the interim report.
- 1.3 This report has been considered and approved by the 15th meeting of the 10th Board convened on 27 August 2025. All Directors attended the Board meeting in person to consider and approve this report.
- 1.4 The Group prepared the Unaudited Results Announcement for the Six Months Ended 30 June 2025 in accordance with the PRC GAAP and IFRS. The audit committee of the Board has reviewed and confirmed the Company's interim results for 2025. The audit committee has approved the financial accounting principles, standards and methods adopted by the Company for the unaudited interim accounts for the six months ended 30 June 2025.
- 1.5 the Company proposes not to distribute cash dividend, issue bonus share, or capitalize from capital reserves.
- 1.6 The consolidated turnover is RMB77.29 million in accordance with the IFRS.
- 1.7 The Loss attributable to equity holders of the Company is RMB5.16 million.
- 1.8 Loss per share attributable to equity holders of the Company is RMB0.6 cents.
- 1.9 Unless otherwise stated, Renminbi is the only monetary unit in this report.

1.10 Definitions

Beijing Haihongyuan	Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.*(北京海鴻源企業管理諮詢有限公司), a substantial shareholder of the Company
De facto controller of the Company	N/A
Fuxin Busbar	Fuxin Enclosed Busbar Co., Ltd., a subsidiary of the Company
Garden Lane Hotel	Hainan Garden Lane Flight Hotel Management Co., Ltd., a subsidiary of the Company
HNA Group	HNA Group Co., Ltd., a related party of the Company
HNA Trust Management	Hainan HNA No. 2 Trust Management Service Co., Ltd., a related party of the Company
Hainan First Intermediate People's Court	The First Intermediate People's Court of Hainan Province
Hainan Provincial Higher People's Court	Hainan Provincial Higher People's Court
NEE, the Company, Northeast Electric	Northeast Electric Development Company Limited
NEE (HK)	Northeast Electric Development (HK) Company Limited * (東北電氣發展 (香港) 有限公司), a whollyowned subsidiary of the Company
NEEQ	National Equities Exchange and Quotations
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tianjin Center	HNA Tianjin Center Development Co., Ltd.*(海航天津中心發展有限公司), a related party of the Company

Chapter 2 CORPORATE PROFILE

2.1 Basic information

Stock abbreviation of Domestic shares	Northeast Electric 3	Domestic shares stockcode	400114
Place of the listing of Domestic	NEEQ		
Stock abbreviation of H shares	Northeast Electric	H shares stock code	00042
Place of the listing of H shares	The Stock Exchange of Hong Kong Limited		
Legal Chinese name	東北電氣發展股份有限公司		
Chinese abbreviation	東北電氣		
Legal English name	Northeast Electric Development Company Limited		
English abbreviation	NEE		
Legal representative	Zhu Xinguang		

2.2 Contact person and contact information

	Secretary to the Board	Authorised Representative
Name	Ding Jishi	Zhu Xinguang
Address	35th Internet Finance Building, No.3 Guoxing Avenue, Meilan District, Haikou City,Hainan Province	35th Internet Finance Building, No.3 Guoxing Avenue, Meilan District, Haikou City,Hainan Province
Telephone	0898-65315679	0898-65315679
Fax	0898-65315679	0898-65315679
Email	dbdqdshbgs@hnatrust.com	nemm585@sina.com
Website of the Company's designated information disclosure platform		www.hkexnews.hk www.neeq.com.cn
Place for inspection of interim report		Office of the Board

2.3 Additional information

Registered address	Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center, Haikou National High-tech Zone, No.266 Hanhai Avenue, Haikou City, Hainan Province
Postal code	571152
Office address	35th Internet Finance Building, No.3 Guoxing Avenue, Meilan District, Haikou City, Hainan Province
Postal code	570203
Website	www.nee.com.cn
E-mail address	dbdqdashbgs@hnatrust.com

2.4 Registration

Items	Contents	Changes during the reporting period
Unified social credit code	91210000243437397T	No
Registered address	Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center, Haikou National High-tech Zone, No.266 Hanhai Avenue, Haikou City, Hainan Province	No
Registered capital (RMB)	873,370,000	No

2.5 Agency

Sponsoring broker (reporting period)	Shanxi Securities Co., Ltd.
Office address of the sponsoring brokerage	East Tower, Shanxi International Trade Center, No. 69, Fuxi Street, Taiyuan City, Shanxi Province
Did the sponsoring broker change during the reporting period	No
Sponsoring Broker (Report Disclosure Date)	Shanxi Securities Co., Ltd.

Chapter 3 PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

(I) Principal financial data and indicators prepared under the PRC GAAP

(1) Profit Ability

Unit: RMB

Items	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year
Operating incomes	77,290,682.83	67,972,751.65	13.71%
Gross margin%	34.73%	39.47%	Decreased by 4.74 percentage points
Net profits attributable to shareholders of the listed Company	-5,155,857.75	3,587,825.33	-
Net profits attributable to shareholders of the listed Company after extraordinary Items	-6,102,723.83	-5,651,371.37	-
Weighted average return on net assets%(Basis on net profits attributable to shareholders of the listed Company)	N/A	N/A	-
Weighted average return on net assets %(Basis on net profits attributable to shareholders of the listed Company after extraordinary Items)	N/A	N/A	-
Basic earnings per share (RMB/Share)	-0.006	0.004	-

(2) Debt-paying ability

Unit: RMB

Items	As at the end of the reporting period	As at the end of last year	Increase/decrease in the reporting period compared with the end of last year
Total assets	174,662,262.00	182,456,675.02	-4.27%
Total debt	386,313,239.10	390,735,076.52	-1.13%
Net assets attributable to shareholders of the listed Company	-213,649,912.93	-210,312,561.84	-
Net asset value per share of the listed	-0.24	-0.24	-

Company			
Asset-liability ratio%(parent Company)	3112.91%	3815.83%	-
Asset-liability ratio%(consolidated statements)	221.18%	214.15%	Increase by 7.03 percentage points
Liquidity ratio	0.34	0.34	-
Interest coverage ratio	-53.20	-1.43	-

(3) State of operation

Unit: RMB

Items	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year
Net cash flows from operating activities	-6,848,231.62	-5,351,808.35	—
Turnover of account receivable	1.93	1.81	6.63%
Turnover of inventories	1.58	1.55	1.94%

(4) State of growth

Items	Amount for the reporting period	Amount for the same period of last year	Increase/decrease in the reporting period compared with the same period of last year
Total assets growth rate%	-4.27%	6.42%	Decreased by 10.69 percentage points
Operating incomes growth rate%	13.71%	71.75%	Decreased by 58.04 percentage points
Net profits growth rate%	N/A	N/A	-

(5) Extraordinary Items and the related amount

Unit: RMB

Items	Amount
Gains and losses on disposal of non-current assets	
Non-operating income and expense other than the above Items	-15,734.74
Total	-15,734.74
Effect of income tax	
Impact on minority interests (after tax)	
Net extraordinary Items and the related amount	-15,734.74

(II) Principal financial data and indicators prepared in accordance with the International Financial Reporting Standards (IFRS)

Condensed Consolidated Statement of Profit or Loss

Unit: RMB'000

Items	Reporting period (January-June)	The same period of previous year
Turnover	77,291	67,973
Profit before tax	-6,065	-6,371
Taxation	874	906
Profit after tax	-5,191	-5,464
Minority interests	-35	48
Profits attributable to shareholders	-5,156	-5,512

Condensed Consolidated Statement of Financial Position

Unit: RMB'000

Items	At the end of this reporting period	At the end of previous year
Total assets	174,662	182,457
Total liabilities	388,004	391,883
Shareholders' equity	-215,341	-211,460

(III)Description of differences in figures under domestic and foreign accounting standards

Items	Net profits attributable to shareholders of the listed Company		Net assets attributable to shareholders of the listed Company	
	Amount for the reporting period	Amount for the same period of last year	As at the end of the reporting period	As at the end of last year
Domestic accounting standards	-5, 155, 857. 75	3, 587, 825. 33	-213, 649, 912. 93	-210, 312, 561. 84
Items and amounts adjusted according to foreign accounting standards	-	-9, 100, 000. 00	- 1, 691, 223. 56	- 1, 147, 625. 60
Foreign accounting standards	-5, 155, 857. 75	-5, 512, 174. 67	-215, 341, 136. 49	-211, 460, 187. 44

Note: There are no differences in net profits and net assets prepared under the PRC GAAP and IFRS.

1. According to the PRC GAAP, enterprises are required to accrue and use safety production fees, which are included in special reserves. The amount of special reserves at the end of the previous year was RMB1,147,625.60, and at the end of the current period, it was RMB1,691,223.56. According to International Accounting Standards, these are adjusted and included in other payables, which results in a difference in net assets in the financial reports disclosed according to domestic and international accounting standards for both the end of the current period and the end of the previous year.

Chapter 4 CHANGES IN SHARES AND SHAREHOLDER INFORMATION

4.1 Changes in shares

Unit: Share

		At the beginning of the period		Changes in the period	At the end of the period	
Nature of shares		Number of shares	Percentage (%)		Number of shares	Percentage (%)
Shares not subject to trading moratorium	Total number of shares not subject to trading moratorium	867,370,978	99.31%	0	867,370,978	99.31%
	Including: Controlling Shareholders and de facto Controller	81,494,850	9.33%	0	81,494,850	9.33%
	Directors, supervisors and senior management	0	0%	0	0	0%
	Core employees	0	0%	0	0	0%
	Total number of Shares subject to trading moratorium	5,999,022	0.69%		5,999,022	0.69%
Shares subject to trading moratorium	Including: Controlling Shareholders and de facto Controller	0	0%	0	0	0%
	Directors, supervisors and senior management	0	0%	0	0	0%
	Core employees	0	0%	0	0	0%
	Total number of shares	873,370,000	-	0	873,370,000	-
Number of ordinary shareholders						34,165

4.2 Number of shareholders and shareholding

Unit: Share

Total number of ordinary shareholders at the end of the reporting period		34,165	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)		0			
Shareholdings of ordinary shareholders holding more than 5% of the total share capital or the top ten ordinary shareholders								
Name of shareholder	Nature of shareholder	Percentage	Number of ordinary shares as at the end of the reporting period	Increase/ decrease in the reporting period	Number of ordinary shares held subject to trading moratorium	Number of ordinary shares held not subject to trading moratorium	Shares pledged or frozen	
							Status of shares	Number
HKSCC Nominees Limited	Overseas legal person	29.44%	257,115,919	-34,000	0	257,115,919		
Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.	Domestic non-state-owned legal person	9.33%	81,494,850	0	0	81,494,850	Pledged	81,494,850
Qin Jianming	Domestic natural person	1.86%	16,278,900	72,400	0	16,278,900		
Ding Yinhu	Domestic natural person	1.03%	9,000,999	97	0	9,000,999		
Zhao Rui	Domestic natural person	0.80%	6,960,310	0	0	6,960,310		
Yu Jun	Domestic natural person	0.79%	6,910,000	10,000	0	6,910,000		
Yang Baizhong	Domestic natural person	0.54%	4,747,336	260,000	0	4,747,336		
Shi Yubo	Domestic natural person	0.54%	4,690,579	0	0	4,690,579		
Wang Juan	Domestic natural person	0.48%	4,210,762	-3,789,238	0	4,210,762		
Geng Jing	Domestic natural person	0.48%	4,154,505	179,500	0	4,154,505		
Explanation on the connected relationship or concerted action among the top ten holders of ordinary shares not subject to trading moratorium and that between them and the top ten ordinary shareholders		To the extent known to the Company, there is no related relationship between the aforementioned shareholders and they are not acting in concert. Based on the public information as at the latest practicable date prior to the publication of this report and to the knowledge of Directors, the Company confirmed that there was sufficient public float in its shares.						

Notes:

1. Based on the information that is publicly available as at the latest practicable date prior to the publishing of this interim report and within the knowledge of the Directors, there was sufficient public float of the Company's shares.
2. Save as disclosed above, as at 30 June 2025, the Directors were not aware that any person (excluding Directors, Supervisors, or chief executives (if applicable) or senior management of the Company, the "**Senior Management**") had any interests or short positions in the shares or underlying shares (as the case may be) of the Company which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("**SFO**") in Chapter 571 of the Laws of Hong Kong, any interests which were required to be recorded in the register pursuant to Section 336 of the SFO, or was a substantial shareholder of the Company (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")).
3. During the reporting period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.
4. There is no provision for pre-emptive rights under the laws of the PRC and the Articles of Association of the Company.
5. As of 30 June 2025, the Company did not issue any convertible securities, options, warrants or any other similar right.

4.3 Changes in controlling shareholders and de facto controller

Controlling Shareholders

Name of Controlling Shareholders	Legal representative	Date of establishment	Organization code	Principal businesses
Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.	Wu Jiancheng	July 11 2012	9111011759 96346317	Enterprise management consulting; Enterprise management; Hotel management; Tourism development project planning and consulting; Information technology consulting services; Non-residential real estate leasing; Property management; Parking lot services; Catering management; Conference and exhibition services; Property service evaluation; Internet sales (excluding sales of commodities requiring permits).

De facto controller

The controlling shareholder of the Company did not change, and the Company had no de facto controller during the Reporting Period.

Chapter 5 PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR

5.1 Changes in shareholdings of Directors, supervisors and senior management

There was no change in shareholdings during the reporting period.

5.2 Directors, supervisors and senior management situation

Name	Position	Gender	Date of birth	Term of office commencing on	Term of office ending on
Zhu Xinguang	Chairman	Male	September 1962	18 April 2025	30 December 2025
Liu Jiangmei	Director	Female	March 1974	30 December 2022	15 April 2025
He Wei	Director	Female	August 1987	30 December 2022	30 December 2025
Ding Jishi	Director	Male	September 1985	30 December 2022	30 December 2025
Mi Hongjie	Director	Male	June 1993	29 December 2021	30 December 2025
Liu Kejia	Director	Male	February 1977	26 June 2025	30 December 2025
Fang Guangrong	Independent Director	Male	September 1955	11 March 2019	14 May 2025
Wang Hongyu	Independent Director	Male	March 1972	29 June 2020	30 December 2025
Li Zhengning	Independent Director	Male	March 1980	2 June 2021	30 December 2025
Fan Siyao	Shareholder Representative Supervisor Chairman of Supervisory Board	Male	May 1987	30 December 2022	30 December 2025
Yang Qing	Shareholder Representative Supervisor	Male	August 1982	23 August 2021	30 December 2025
Xing Meixia	Employee Representative Supervisor	Female	June 1988	30 December 2022	30 December 2025
Liu Kejia	President and Chief Financial Officer	Male	February 1977	18 April 2025	30 December 2025
Ding Jishi	Secretary to the Board	Male	September 1985	29 August 2019	30 December 2025

5.3 Relationship between directors, supervisors, senior management and shareholders:

Directors of the Company, namely Mr. Zhu Xinguang, Mr. Liu Kejia, Mr. Ding Jishi and Mr. Mi Hongjie, have a related-party relationship with the controlling shareholder Beijing Haihongyuan and its related parties.

The following individuals have no related-party relationship with the controlling shareholder Beijing Haihongyuan and its related parties: Non-independent director Ms. He Wei; Independent directors Mr. Wang Hongyu and Mr. Li Zhengning.

5.4 Changes in Directors, supervisors and senior management

Name	Initial position	Type	End of term	Reason
Zhu Xinguang	Director	Appointment	Chairman	Operational need
Liu Jiangmei	Director	Resigned	None	Due to personal work reason
Fang Guangrong	Independent director	Resigned	None	Due to personal age and health reasons
Liu Kejia	None	Appointment	President and Chief Financial Officer (CFO)	Operational need

5.5 Equity interest of Directors, supervisors and senior management

Save as disclosed above and to the knowledge of the Directors, senior management and supervisors of the Company, as at 30 June 2025, none of the Directors, senior management and supervisors had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO, Chapter 571 of the Laws of Hong Kong) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken to have by such Directors, senior management and supervisors under provisions of the SFO), or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the “**Model Code for Securities Transactions by Directors of Listed Issuers**” in Appendix C3 to the Listing Rules.

5.6 Basic information of on-the-job employees (Company and controlled subsidiaries)

Classification by nature of work	Number of people at the beginning of the period	Number of people at the end of the period
Production staff	186	181
Salesperson	24	23
Technical staff	26	27
Financial staff	23	23
Administrative staff	27	28
Total	286	282

Chapter 6 SUMMARY OF BUSINESS

6.1 Overview

Industry overview

Industry overview Power industry. In the first half of 2025, China's national economy operated generally stably with a steady upward trend. The power and electrical industry as a whole showed characteristics such as an overall balance between supply and demand and accelerated green transformation. According to the data from the Report on Analysis and Forecast of National Power Supply and Demand Situation in the First Half of 2025 released by the China Electricity Council (CEC), in the first half of 2025: The total social electricity consumption across the country reached 4.84 trillion KW-hours, a year-on-year increase of 3.7%; The newly-added power generation installed capacity nationwide stood at 293.32 million KWs, an increase of 140.56 million KWs year-on-year; The total investment in electric power by key national enterprises amounted to RMB654.6 billion, growing by 9.6% year-on-year. The power industry is the pillar industry of the national economy, and the power transmission and transformation equipment manufacturing industry in which the Company operates is the foundation of the power industry. The government continues to increase its investment in the electric power sector. The national action plan titled "Accelerating the Construction of a New Electric Power System (2024-2027)" aims to sustain investments in energy and electricity infrastructure upgrades, significantly driving and enhancing technology innovation, industrial upgrading, and market expansion within the transmission and transformation equipment manufacturing sector. The launch of the Yarlung Zangbo River Super Hydropower Station project by the state, which has a 10-year construction cycle, has further boosted confidence in the power industry.

Hotel and tourism industry. In the first half of 2025, China's hotel industry showed a diversified development trend amid dynamic adjustments. Market activity continued to rise, while market competition remained fierce. As a whole, the hotel industry moved forward steadily through quality upgrading and refined operations, presenting development characteristics of coexisting vitality and challenges. According to the domestic tourism data released by the Ministry of Culture and Tourism, China's domestic tourism market continued to heat up in 2025. In the first half of the year, the national number of domestic trips reached 1.794 billion, an increase of 26.4% compared with the same period last year. Among them, during the "May Day" holiday alone, the national number of domestic trips hit 314 million, a year-on-year increase of 6.4%; the total consumption of domestic tourists reached RMB180.269 billion, with a year-on-year growth of 8.0%.

Main business that the Company engaged in during the Reporting period

the Company has been primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment. Our main products are enclosed busbars that are mainly applied to the power system field to enhance the transmission efficiency of power transmission lines and support the transmission of high power electric energy. Enclosed busbar plays an important role in the power system. Besides, Hainan Garden Lane Flight Hotel Management Co., Ltd., a holding Company of the Company, actively expanded its hotel catering and accommodation businesses during the reporting period. There was no material change in the principal business of the Company during the reporting period.

During the reporting period, the turnover calculated under the PRC GAAP was RMB77.29 million, representing an increase of 13.71% as compared to RMB9.32 million for the corresponding period of the previous year; Loss attributable to equity holders of the Company amounted to RMB5.16 million, with Loss per share of RMB0.006.

No dividend was paid during the period and the Directors do not recommend the payment of the interim dividend for the six months ended 30 June 2025.

6.2 Business review and Management Discussion and Analysis

2025 marks the final year of the 14th Five-Year Plan. China's power industry will continue to maintain a strong development momentum. At the beginning of 2025, the new round of power grid renovation funds of State Grid Corporation of China (SGCC) has clearly specified the orientation: it will focus on optimizing and strengthening the power grid, supporting the high-quality development of new energy, continuing to advance the implementation of major projects, actively expanding effective investment, and driving the upstream and downstream industrial chains. With the continuous increase in national macro-policy investment in power grid construction, it indicates the comprehensive transformation of China's power industry from traditional infrastructure to a strategic industry. Relying on the overall policy dividends of China's power industry, Northeast Electric closely centers on its annual operating goals. It continuously deepens market layout and optimizes industrial structure by focusing on operation and management, cutting costs to improve efficiency for "tight budgeting", and strengthening innovation-driven development. In the first half of 2025, its busbar business maintained steady growth, with new orders reaching RMB40 million. Meanwhile, for the hotel business it operates, as the visa-free policy for foreign tourists is upgraded and continuously expanded, China's domestic tourism market shows a trend of "booming supply and demand", which will bring traffic dividends to the hotel industry.

Busbar business

During this reporting period, Fuxin Busbar has enhanced its strategic vision and seized the opportunity of structural adjustment. Despite the surge in new orders in the previous year, it has maintained a high-speed growth momentum this year. At present, the cumulative increase in new orders is 23% year-on-year, providing a guarantee for the Company's future sustainable operation. The highlight of the sales structure adjustment is winning the bid for the procurement of one sets of 1000MW enclosed busbar equipment for a large domestic power company's power generation project, with a contract amount exceeding RMB10 million, and there are three sets of units for domestic pumped storage projects that have been awarded the bid or for which there is an intention to win the bid, with a contract value exceeding RMB45 million, adding new impetus to entering the market for million-level unit power generation projects and pumped storage.

Hotel business

In 2025, driven by the country's all-round efforts to expand domestic demand, the release of policy dividends, and the improvement of consumer confidence, service consumption led by cultural and tourism consumption has been continuously boosted, and the tourism and accommodation industry has maintained a steady upward development trend. According to the sampling survey results on domestic residents' travel released by the Ministry of Culture and Tourism of the People's Republic of China, in the first half of 2025, the number of domestic residents' travel trips reached RMB3.285 billion, a year-on-year

increase of 20.6%. Among them, the number of travel trips by urban residents stood at RMB2.452 billion, up 17.5% year-on-year.

With the sustained and stable economic development and the further relaxation of inbound tourism policies, the hotel industry will continue its positive growth momentum. However, the market still faces challenges such as the shrinkage of business demand and the shift of consumption focus. During the reporting period, benefiting from the further recovery and growth of Dalian's cultural and tourism industry, the increase in large-scale conferences and exhibitions, and the growth of business travel demand, Nikko Dalian Hotel will gradually enter the peak season in the third quarter. It will host the Dalian Donggang International Conference in July and Dalian sports events in September, and its revenue in the second half of the year is expected to increase accordingly.

6.3 Analysis of core competitiveness

Thanks to the long-term accumulation in many aspects such as product quality, brand culture, R&D capability, technology, management service and marketing over the years, the Company shows some advantages and industrial competitiveness, which can be seen in the close association between the development of the industry where the Company operates and macroeconomic policies of the State; a certain association between the market and macroeconomic development; advanced production equipment and strong manufacturing capabilities of power transmission and distribution products; accumulation of technological strength and high professional technological level; sound internal control system and standardized corporate governance; certain product development capabilities and investment and financing capabilities.

The wholly-owned subsidiary of the Company, Fuxin Busbar, continues to rely on technological innovation to promote enterprise development: it has established a provincial-level innovation studio in Liaoning, organized and carried out technological process research and innovation activities, and has obtained a total of 39 national utility model patents; We have completed the design, development, production, and sales of five new products, including fully insulated cast busbars, fully insulated tubular busbars, intelligent busbar dehumidification systems, wind turbine tower tubular busbars, and dense busbar trunking, and have fully launched them to the market. Relying on innovative achievements, Fuxin Bus has been awarded the titles of **"National High tech Enterprise"** and **"Innovative Small and Medium sized Enterprise"** in Liaoning Province. The income tax rate for this year is 15%.

There were no material changes in the core competitiveness of the Company during the reporting period. By introducing talents, developing new products, and adapting to market demand adjustments and changes, the Company has improved its competitiveness in some product markets and achieved breakthroughs in some businesses.

6.4 the Company's risks and countermeasures

1. Market risks brought by macroeconomic environment

The power transmission and transformation equipment manufacturing industry in which the Company operates has an important impact on the long-term development of the economy and society, and is closely related to macroeconomic policies, industrial policies and national power planning. Any of increasingly complex global economic environment, intensified macroeconomic risks, energy development strategy, industrial structure, market structure adjustment, industry resource integration, changes in market supply and demand and other factors may have an impact on the Company's operation and development.

The hotel industry is in the midst of a tourism recovery. Any of complex domestic and international situations, macroeconomic fluctuations, major natural disasters and other systemic risks; worse-than-expected economic recovery, and worse-than-expected demand for consumption upgrade will have a greater impact on the Company's performance.

Countermeasures: the Company will pay close attention to the macroeconomic situation at home and abroad, and always be market-oriented, establish an operation management and control model to meet market needs, and pay attention to improving its market position; keep increasing market development efforts, consolidate the market share of traditional busbar, make in-depth exploration of new product market space, strengthen the Company's ability to cope with risks; enhance the market response sensitivity, accurately grasp the market demands, expand the market space, and explore new business growth points.

2. Market competition risk

Affected by the macro-economy, the busbar industry in which the Company operates is facing increasingly fierce competition, and the Company will face greater competitive pressure. The hotel industry is a fully competitive industry, and the industry competition is fierce and white-hot. Countermeasures: We will enhance the market response sensitivity, accurately grasp the market demand, expand the market space of new products, and explore new business growth points. In order to cope with the current fierce market competition, the Company has taken a variety of effective measures to enhance brand influence and professional operation capabilities.

3. Operating cost fluctuation risk

the Company's busbar products have typical characteristics of **"More emphasis on materials and light industry"**, the main raw materials represented by copper and aluminum have high value, and their prices fluctuate significantly with the complex and changing international trade environment, supply and demand relations, macroeconomic situation and other factors, requiring a large amount of capital, and their price fluctuations will directly affect the Company's production cost, and then affect the product profitability. Such fluctuations may even adversely affect the stable operation of the Company.

Meanwhile, with the pressure of economic inflation, the operating costs of hotel rooms and catering of the Company continue to rise, and the costs of hotel materials, raw materials, equipment renewal, energy consumption and labor are increasing year by year. Correspondingly, if the room rate, occupancy rate, per capita consumption level and consumer number cannot be improved, the gross profit of the Company's rooms and catering will be squeezed, and we need to improve the profitability through market research and management efficiency enhancement.

Countermeasures: To this end, the Company will study and judge the changes in the relationship between supply and demand of raw material market in a timely manner, strengthen the strategic cooperation with customers and suppliers in depth, and reduce the impact of raw material price fluctuations on the Company, while strengthening scientific and technological innovation and product innovation, reinforcing the enterprise cost control management, and improving the product profitability.

4. Risk of account receivable

Due to the long payment cycle of busbar products, high concentration of users, weak bargaining power of manufacturers, long quality guarantee deposit period and other reasons, the amounts of accounts receivable and inventory at the end of the period are large, affecting the operating efficiency to a certain extent, increasing the Company's capital turnover pressure, operating costs and risks.

Countermeasures: On the one hand, the Company will focus on developing high-quality customers and strengthening customer credit ratings. And on the other hand, the Company will continuously monitor the age of accounts receivable, strengthen collection efforts, and reduce the impairment risk of accounts receivable, in order to effectively prevent financial risks.

5. Continuous operation capability risk

the Company's overseas auditor Wilson & Partners CPA Limited ("**Overseas Auditor**") issued an unmodified audit opinion with a Material Uncertainty Related to Going Concern for the year 2024: We draw your attention to Note II.2 to the financial statements, which indicates that NEE has incurred losses since 2022, recorded negative net profits for three consecutive years from 2022 to 2024, and as at 31 December 2024, recorded accumulated net loss of RMB2,018,924,000, and equity attributable to shareholders of the parent of RMB-210,312,600, the current liabilities exceeded its current assets by RMB211,800,100, and the Company faced compensation of RMB94,078,100 for resolved litigation cases. These matters indicate there are major uncertainties regarding the Company as a going concern, however, without any effect on the published audit opinions.

Response measures: Please refer to the "**Notes made by the Board on the non-standard audit report issued by the accounting**" in the 2024 Annual Report for details.

There have been no significant changes in major risks during this reporting period.

6.5 Prospects for the second half of the year

Centered on the annual business objectives and work tasks for 2025, the Company's management will adopt comprehensive measures to change the loss-making situation by enhancing the operation efficiency and core competitiveness. For details, please see "**Prospect of Future Development**" set out in the Annual Report 2024. By virtue of seizing opportunities and making full use of the capital market, the Company will fine tune its main business and operating strategy and actively increase the operating income and profits from relevant businesses in the upstream and downstream of hotel operation, in a bid to enhance the sustained profitability and comprehensive competitive strength of the listed Company, promote its development and offer maximum protection to the interests of all shareholders, the minority shareholders in particular.

Chapter7 DISCUSSION AND ANALYSIS OF BUSINESS CONDITION

Analysis of principal business prepared under the PRC GAAP

7.1 Overview

the Company has been primarily engaged in the R&D, design, production and sales businesses of products related to power transmission and transformation equipment in recent years. Our main products are enclosed busbars that are mainly applied to the power system field to enhance the transmission efficiency of power transmission lines and support the transmission of high-power electric energy. Enclosed busbar plays an important role in the power system. Besides, Garden Lane Hotel, a holding subsidiary of the Company, actively expanded its hotel catering and accommodation businesses during the reporting period.

There was no material change in the principal business of the Company during the reporting period.

7.2 Analysis of changes in major financial information

7.2.1 Analysis of Asset Liability Structure

✓ Applicable ☐ Not applicable

Unit: RMB

Items	As at the end of the reporting period		As at the end of last year		Increase/decrease in the reporting period compared with the end of last year %
	Amount	As a percentage of total assets %	Amount	As a percentage of total assets %	
Monetary funds	10,792,231.20	6.18%	18,834,578.94	10.32%	-42.70%
Notes receivable	-	-	20,000.00	0.01%	-100.00%
Accounts receivable	45,181,858.99	25.87%	34,802,007.03	19.07%	29.83%
Advances to suppliers	2,672,659.24	1.53%	3,536,769.28	1.94%	-24.43%
Other receivables	10,146,812.09	5.81%	12,278,565.80	6.73%	-17.36%
Inventories	31,096,519.31	17.80%	32,559,631.50	17.85%	-4.49%
Contract assets	7,626,005.86	4.37%	7,958,668.33	4.36%	-4.18%
Other current assets	729,035.18	0.42%	958,221.07	0.53%	-23.92%
Fixed assets	31,214,029.65	17.87%	32,678,445.71	17.91%	-4.48%
Right-of-use assets	3,494,673.89	2.00%	6,989,347.70	3.83%	-50.00%
Intangible assets	10,890,250.45	6.24%	11,022,253.51	6.04%	-1.20%
Other non-current assets	19,070,849.21	10.92%	19,070,849.21	10.45%	-
Deferred Tax Asset	1,747,336.93	1.00%	1,747,336.93	0.96%	-

Unit: RMB

Items	As at the end of the reporting period		As at the end of last year		Increase/decrease in the reporting period compared with the end of last year %
	Amount	As a percentage of total liabilities %	Amount	As a percentage of total liabilities %	

Accounts payable	50,194,463.71	12.99%	43,004,055.56	11.01%	16.72%
Contract liabilities	22,493,252.18	5.82%	24,929,450.09	6.38%	-9.77%
Employment benefits payable	2,900,007.60	0.75%	3,811,782.06	0.98%	-23.92%
Taxes and fees payable	2,798,399.30	0.72%	2,967,633.03	0.76%	-5.70%
Other payables	233,394,289.31	60.42%	238,184,941.31	60.96%	-2.01%
Non-current liabilities due within one year	6,989,347.73	1.81%	6,989,347.70	1.79%	-
Other current liabilities	1,393,201.37	0.36%	2,861,319.59	0.73%	-51.31%
estimated liabilities	34,354,500.00	8.89%	34,354,500.00	8.79%	-
Deferred income	29,296,879.20	7.58%	30,259,480.02	7.74%	-3.18%
Deferred income tax liabilities	873,668.47	0.23%	1,747,336.93	0.45%	-50.00%
Other Non-Current Liabilities	1,625,230.23	0.42%	1,625,230.23	0.42%	-

Reasons for major changes in the Items

Monetary funds: mainly due to the expenses incurred by the subsidiary Fuxin Bus for daily production and operation activities.

Accounts receivable: mainly due to the collection of accounts receivable from the subsidiary Fuxin Bus this year.

Right of use assets: mainly due to the reasonable provision of depreciation of right of use assets by the subsidiary Yitang Hotel Dalian Branch during the lease term.

Other current liabilities: mainly due to the decrease in contract liabilities of subsidiary Fuxin Bus within one year.

Deferred income tax liabilities: mainly due to the decrease in the use right assets of the subsidiary Yitang Hotel Dalian Branch.

7.2.2 Business situation and cash flow analysis

√ Applicable □ Not applicable

Unit: RMB

Items	Amount for the reporting period		Amount for the same period of last year		Increase/decrease in the reporting period compared with the same period of last year %
	Amount	As a percentage of operating incomes %	Amount	As a percentage of operating incomes %	
Operating incomes	77,290,682.83	-	67,972,751.65	-	13.71%
Cost for operation	50,444,045.72	65.27%	41,144,798.54	60.53%	22.60%
Gross margin%	34.73%	-	39.47%	-	下降 4.74 个百分点
Taxes and surcharges	650,030.42	0.84%	366,556.50	0.54%	77.33%
Selling expenses	20,731,944.56	26.82%	22,722,939.51	33.43%	-8.76%
Administrative expenses	10,574,269.74	13.68%	10,396,547.11	15.30%	1.71%
Research and development expenses	835,320.78	1.08%	845,198.23	1.24%	-1.17%
Financial costs	1,631,084.93	2.11%	514,263.44	0.76%	217.17%
Investment income	1,219,518.31	1.58%	1,529,260.06	2.25%	-20.25%
Gain on disposal of assets	-	-	9,124,471.12	13.42%	-100.00%
Other income	307,479.03	0.40%	-10,111.68	-	-
Credit impairment loss	-	-	3,628.15	-	-100.00%
Non-operating income	11,606.04	0.02%	105,441.41	0.16%	-88.99%
Non-operating expenses	27,340.78	0.04%	5,655.02	0.01%	383.48%
Net profit	-5,191,082.26	-	3,635,637.58	-	-
Net cash flows from	-6,848,231.62	-	-5,351,808.35	-	-

operating activities					
Net cash flows from investing activities	-50,442.48	-	8,997,590.00	-	-
Net cash flows from financing activities	-	-	-	-	-

Reasons for major changes in the Items

Taxes and surcharges: mainly caused by the subsidiary Fuxin Bus paying value-added tax.

Financial expenses: mainly due to foreign exchange gains and losses of subsidiary TEPCO Hong Kong.

Investment income: Mainly due to the disposal of assets in the previous year, which resulted in an investment income of RMB9.1 million.

Credit impairment losses: mainly due to the reversal of impairment losses on accounts receivable by subsidiary Fuxin Bus and subsidiary Yitang Hotel Branch.

Asset disposal income: mainly due to the disposal of scrapped assets by the subsidiary Fuxin Busbar in the previous year.

Non operating income: mainly due to receiving employee maternity allowances in the previous year.

Non operating expenses: mainly caused by the subsidiary Fuxin Bus paying late tax fees.

Net cash flow generated from investment activities: mainly due to investment income of RMB9.1 million brought by asset disposal in the previous year.

7.3 Assets and liabilities at fair value

None

7.4 Restricted assets as at the end of the reporting period

Unit: RMB

Items	Book value at the end of the year	Reasons for restriction
Monetary fund – other monetary funds	2,490,049.58	Performance guarantee
Monetary fund – other monetary funds	12,003.97	Judicial freeze
Total	2,502,053.55	

7.5 Disposal of major assets

During the reporting period, there is no disposal of major assets.

7.6 Analysis of major controlling Company and invested Company

Unit: RMB

Company name	Company type	Principal business	Registered capital	Total asset	Net as set	Operating income	Net pro fit
Northeast Electric Development (HK) Co.,Ltd.	Subsidiary	Trading	USD20million	3,669,990.03	768,171.04	-	-1,259,276.65
Great Talent Technology Ltd.	Subsidiary	Investment	USD1	88,082,127.93	5,964,057.17	-	-16,565.94
Shenyang Kaiyi Electric Co.,Ltd.	Subsidiary	Manufacturing of Electrical	RMB1million	44,183,229.64	-60,105,509.85	-	-312,135.90
Fuxin Enclosed Busbar Co.,Ltd.	Subsidiary	Manufacturing of enclosed busbars	USD8.5million	126,252,441.94	20,869,228.48	54,869,323.22	306,943.14
Hainan Garden Lane Flight Hotel Management Co.,Ltd.	Subsidiary	Public space business	RMB50million	55,329,854.42	-141,111,605.73	22,421,359.61	-3,498,698.70
Northeast Electric (Chengdu)Electric Engineering Design Co.,Ltd.	Subsidiary	Electric power engineering	RMB10million	13,262,549.90	6,888,192.07	-	-479.74
HNA Tianjin Center Development Co.,Ltd.	Invested Company	Property leasing, hotel catering	RMB269,887,709	3,669,990.03	768,171.04	-	-1,259,276.65

Analysis of Financial Status of the Company in Accordance with Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited prepared in accordance with the International Financial Reporting Standards (IFRSs)

Share capital

During the reporting period, there is no change in the share capital of the Company.

Reserve

Details of the annual changes in the reserves of the Company and the Group are set out in the financial statements and the statement of changes in shareholders' equity.

Distributable reserve

As at 30 June 2025, according to the relevant regulations, the Company has no distributable reserve. Pursuant to the resolution approved at the Board meeting on 27 August 2025, the Board proposes not to distribute cash dividend, issue bonus share, or capitalize from capital reserves during the year.

Analysis of loans and borrowings

The Group's short-term borrowings were nil (2024: nil).

Working capital and financial resources

The net cash generated from the Group's operating activities for the half year ended 30 June 2025 was approximately RMB6.85 million (2024: net cash generated from operating activities of approximately RMB1.28 million).

As at 30 June 2025, the Group had bank deposits and cash (including pledged bank balances) of approximately RMB10.79 million (2024: RMB18.83 million) and had no bank loans (2024: nil). Borrowings bear fixed interest rates, and no hedging instruments are hedged.

As of 30 June 2025, the Group had current liabilities of RMB321.85 million, non-current liabilities of RMB66.15 million, and deficits attributable to owners of the Company of RMB213.34 million. Details of the capital structure of the Group are set out in the financial report of the Company's interim report.

the Company's funding needs have no obvious seasonal patterns.

Capital expenditure

The Group's funds can meet the capital requirements of the capital expenditure plan and daily operations.

Capital structure

the Company's sources of funds are mainly operating cash inflows and loans of substantial shareholders. As at 30 June 2025, the Group's short-term bank borrowings were nil, and the cash and cash equivalents were RMB10.79 million(2024:nil).

The Group's policy is to manage its capital to ensure that the Group's entities are able to continue to operate while maximizing returns to shareholders by optimizing the ratio of liabilities and equity. The overall strategy of the Group has remained unchanged from previous years.

Prospects for new business

Details of the prospects for new business are set out in "**Prospects for the second half of the year**" of "**Summary of Business**".

Significant investments held and the performance of such investments

Details of significant investments held and the performance of these investments are set out in "**Analysis of Major Controlling Company and Invested Company**" of "**Discussion and Analysis of Business Condition**".

Significant investments and sales

Details of significant investments and sales are set out in "**Disposal of major assets**" of "**Discussion and Analysis of Business Condition**".

Segmental information of results

Details of segmental information of results are set out in the "**Main Business Composition**" of "**Summary of Business**".

Assets pledge

On June 30 2025, the net value of fixed assets and land used as collateral by the Group was RMB 0 (as of December 31 2024, the Group had no pledged assets)

Plan for major investment or acquisition of capital assets in the future

As of the latest practicable date prior to the publication of this report, the Company has no relevant plans.

Gearing ratio

As of 30 June 2025, the Group's gearing ratio (calculated as total liabilities/total assets) was 221%(2024: 214%).

Risks of exchange rate fluctuation and any related hedges

The Group's assets and liabilities are denominated in Renminbi, so the risk of exchange rate changes has little impact on the Group. The Group has taken the following measures in reducing the risk of exchange rate fluctuations: (1) increase the export price of products to reduce the risk of exchange rate fluctuations; (2) agree with the other party in advance in case of large export contracts that the risks of exchange rate fluctuations shall be borne by both parties when the exchange rate fluctuation exceeds the limit of agreed scope; (3) strive to sign forward agreements with financial institutions to lock up exchange rates and avoid risks.

Contingent liabilities

As of 30 June 2025, the Company had no material contingent liabilities.

Chapter8 Significant Events

8.1 Personnel changes

Please refer to “**Chapter 5 Profiles of Directors, Supervisors and Senior Management**”.

8.2 Staff of the Company and remuneration policy

As at 30 June 2025, the number of employees on the payroll of the Company was 282. The total salary of employees was RMB13.33 million in the first half of 2025 (the number of employees of the Group was 286 and the total salary of employees was RMB29.84 million in 2024).

The remuneration of the employees of the Company includes their salaries, bonuses and other fringe benefits. the Company has different rates of remuneration for different employees, which are determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

8.3 Corporate governance structure

At present, the actual corporate governance structure basically complies with the related requirements of securities regulators.

8.4 Profit distribution plan and its implementation

the Company proposes not to distribute cash dividend, issue bonus share, or capitalise from capital reserves.

8.5 Commitments performed during the reporting period and not yet performed as of the end of the reporting period by the de facto controller, shareholders, connected parties, acquirers of the Company and the Company

the Company did not have any commitments performed during the reporting period and not yet performed as of the end of the reporting period by the de facto controller, shareholders, connected parties, acquirers of the Company and the Company during the reporting period.

8.6 Litigation

1. The litigation brought by China Development Bank

The Supreme People's Court issued an enforcement order ((2017) Zui Gao Fa Zhi Fu No.27) in August 2017 to reject the reconsideration request made by NEE and affirm the enforcement order of Beijing Higher People's Court (2015) Gao Zhi Yi Zi No.52. The enforcement order was final. The case was transferred to Hainan First Intermediate People's Court on 21 June 2019. Hainan First Intermediate People's Court had ruled to terminate this execution procedure on 10 March 2023.

2. Progress of the enforcement case of the liabilities arising from guarantee dispute involving Jinzhou Branch of Bank of China

On 19 May 2004, Jinzhou Power Capacitor Co., Ltd. (the "Jinzhou Capacitor"), the former subsidiary of the Company, entered into a RMB13 million loan contract with Bank of China Jinzhou branch (the "BOC"), with a maturity of 12 months in which the Company undertake the guarantee responsibility. BOC subsequently lodged a case with the district Court of Jinzhou City Liaoning Province ("Jinzhou's Intermediate Court") on 16 February 2005 under the circumstances of non-expiry of the loan contract and demanded Jinzhou Capacitor to make an early repayment and the Company undertaking the guarantee liability. Jinzhou's Intermediate Court gave the civil judgment ((2005) Jin Min San He Chu Zi No. 21) on 20 May 2005 by which it was ruled that the Company shall undertake the joint repayment liability for the RMB13 million loan of Jinzhou Capacitor.

BOC applied to the Intermediate People's Court of Jinzhou City Liaoning Province, for filing a case and resuming compulsory enforcement on 5 September 2024. According to the enforcement ruling ((2024) Liao 07 Zhi Hui No. 69) given by the Intermediate People's Court of Jinzhou City Liaoning Province, on 12 December 2024, The Court ruled the execution procedures are terminated. (For details, please refer to the announcements dated 26 September 2024 and 24 December 2024.)

3. The litigation brought by Liaoning Trust and Investment Corporation*(遼寧信託投資公司)

According to the litigation announcement issued by the Company on July 4 2025, the plaintiff, Liaoning Trust and Investment Corporation, has applied to the People's Court of Heping District, Shenyang City of Liaoning Province* (遼寧省沈陽市和平區人民法院) for revoking the "Debt Transfer Agreement" signed with the defendant, Northeast Electric on June 1 2005. The plaintiff request the defendant to return the property interests obtained based on the creditor's rights, that is, the total debt offset price of RMB31.5233 million to be executed. The Court held the first-instance court session on August 5 2025, and the case is still under trial.

8.7 Daily related transactions of the Company during the reporting period

Unit: RMB

Type of Specific Matters	Estimated amount	Actual amount
1. Purchase raw materials, fuel, power, and accept labor services	–	–
2. Selling products, commodities, and providing services	–	–
3. Types of daily connected transactions applicable to the Company stipulated in the Company's articles of association	–	–
4. Acquisition or sale of assets or equity		
5. Venue rental (Note 1)	7,142,857.14	7,142,857.14
6. Others	–	–

Note 1: A supplementary agreement to the lease contract entered into On 22 January 2025, as required for the continued operation of the hotel, Garden Lane Hotel (the “**Lessee**”), a non-wholly-owned subsidiary of the Company, entered into a supplementary agreement to the lease contract (the “**Supplementary Agreement**”) with Dalian Changjiang Plaza Co., Ltd. (the “**Lessor**”), a related party. According to the Supplementary Agreement, the relevant provisions of the original lease contract were adjusted to extend the lease period for one year, changing the lease period from the original “**1 September 2021 to 31 December 2024**” to “**1 September 2021 to 31 December 2025**”, and the rent standard for 2025 was still RMB7.5 million. Apart from the terms expressly adjusted in the Supplementary Agreement, the remainder of the original lease contract shall remain in effect (as detailed in the announcement dated 17 January 2025).

8.8 Controlling shareholders and their connected parties’ use of capital of the listed Company for non-operating purposes

Controlling shareholders and their connected parties did not use any capital of the listed Company for non-operating purposes during the reporting period.

8.9 Significant contracts and their execution

During the reporting period, the Company did not enter into any material trust, contracting or lease arrangement.

8.10 Guarantees

As at the end of the reporting period, the actual balance of the external guarantee provided by the Company totaled RMB30 million, with Jinzhou Power Capacitors Co., Ltd. as the collateral (An independent third-party company).

8.11 Corporate governance

During the reporting period, the listed issuer strictly complied with the code provisions of Corporate Governance Code as set out in Appendix C1 and had no deviations from the code provisions.

For more details on the implementation, please refer to the Corporate Governance Report disclosed in the Annual Report 2024. After the issuance of the Annual Report, the compliance and execution of the Code by the listed issuer remained unchanged.

8.12 Model Code for Securities Transactions by Directors

the Company takes the “**Model Code for Securities Transactions by Directors of Listed Issuers**” (the “**Model Code**”) under the Appendix C3 to the Listing Rules as a code of conduct for directors’ securities transactions; after accepting specific enquiries, all members of the Board of the Company confirmed that they had complied with the Model Code during their tenure as directors of the Company.

The Board has formulated guidelines on the trading of securities of listed companies by “**Directors and relevant employees**”. The Office of the Board has given written notices in advance to insiders (including the Company’s Directors, supervisors, senior management, controlling shareholders, de facto controllers and their connected parties, as defined in the Listing Rules) stating that purchase and sales of shares of the Company shall comply with relevant regulations and forbidding the insiders to purchase or sell the shares with inside information: no transactions of the Company’s securities shall be carried out during the price-sensitive timeframe within 30 days, a lock-up period from 28 July 2025 to 27 August 2025, prior to the results announcement.

All Directors confirmed that: During the reporting period, they had adhered to the guidelines, and neither they nor their connected parties conducted securities transactions of the Company.

the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of a sufficient number of independent non-executive Directors and at least one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise. the Company has appointed three independent non-executive Directors including one with financial management expertise, of whom the biographical details are set out in the Annual Report 2024 of the Company.

the Company has been in place an audit committee under the Board in accordance with Rule 3.21 of the Listing Rules.

8.13 Others

Purchase, sale or redemption of shares

During the reporting period, the Company and its subsidiaries did not purchase, sell and redeem any shares of the Company.

Loans to an entity

At the end of the reporting period, neither the Company nor its subsidiaries have granted loans to any entity.

Pledge of shares by controlling shareholder

At the end of the reporting period, the controlling shareholder of the Company did not pledge all or part of its equities in the Company to guarantee the Company's debts or warranty.

Terms included in the loan agreements under which the controlling shareholder shall fulfil specific responsibilities

At the end of the reporting period, the Company and its subsidiaries did not encounter any situation where the controlling shareholder should fulfil specific responsibilities according to the terms included in the loan agreements.

Breach of loan agreements

At the end of the reporting period, the Company and its subsidiaries did not have any breach of loan agreements.

Provision of financial assistance and guarantee to affiliates

At the end of the reporting period, the Company and its subsidiaries did not provide any financial assistance and guarantee to affiliates.

Share option scheme

During the reporting period, the Company and its subsidiaries did not have any share option scheme.

Directors, supervisors and chief executive's interests in the shares, underlying shares and debentures of the Company

For details of Directors, supervisors and chief executives' interests in the shares, underlying shares and debentures of the Company, please see **"Equity interest of Directors, supervisors and senior management"** under **"Profiles of Directors, Supervisors and Senior Management"**.

Audit of interim results

The unaudited results for the six months ended 30 June 2025 were prepared by the Group in accordance with the PRC GAAP and IFRS.

The audit committee under the Board of the Company has reviewed and confirmed the interim results announcement of the Company for 2025.

The audit committee has approved the financial accounting principles, standards and methods adopted by the Company for the unaudited interim accounts for the six months ended 30 June 2025.

8.14 Subsequent events

None

Chapter 9 FINANCIAL STATEMENTS

I .PREPARED UNDER THE IFRS

The interim report of the Company has not been audited.

(1) Consolidated Balance Sheet

Unit: RMB

Items	Notes	June 30 2025	December 31 2024
Current assets:			
Monetary funds	V. 1	10,792,231.20	18,834,578.94
Deposit Reservation for Balance			
Lending funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	V. 2		20,000.00
Accounts receivable	V. 3	45,181,858.99	34,802,007.03
Receivables financing			
Advances to suppliers	V. 4	2,672,659.24	3,536,769.28
Receivable premium			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	V. 5	10,146,812.09	12,278,565.80
Including: Interests receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	V. 6	31,096,519.31	32,559,631.50
Among them: data resources			
Contract assets	V. 7	7,626,005.86	7,958,668.33
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V. 8	729,035.18	958,221.07
Total current assets		108,245,121.87	110,948,441.96
Non-current assets:			
Issuing loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	V. 9		
Other equity instrument investments	V. 10		
Other non-current financial assets	V. 11	19,070,849.21	19,070,849.21
Investment properties			

Fixed assets	V. 12	31,214,029.65	32,678,445.71
Construction in progress			
Biological assets held for production			
Oil and gas assets			
Right-of-use assets	V. 13	3,494,673.89	6,989,347.70
Intangible assets	V. 14	10,890,250.45	11,022,253.51
Among them: data resources			
Development expenditure			
Among them: data resources			
Goodwill	V. 15		
Long-term deferred charges			
Deferred income tax assets	V. 16	1,747,336.93	1,747,336.93
Other non-current assets			
Total non-current assets		66,417,140.13	71,508,233.06
Total asset		174,662,262.00	182,456,675.02
Current liabilities:			
Short-term borrowings	V. 17		
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	V. 18	50,194,463.71	43,004,055.56
Advances from customers			
Contract liabilities	V. 19	22,493,252.18	24,929,450.09
Sell to repurchase financial assets			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employment benefits payable	V. 20	2,900,007.60	3,811,782.06
Taxes and fees payable	V. 21	2,798,399.30	2,967,633.03
Other payables	V. 22	235,085,512.87	239,332,566.91
Including: Interests payable			
Dividends payable			
Charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year	V. 23	6,989,347.73	6,989,347.70
Other current liabilities	V. 24	1,393,201.37	2,861,319.59

Total current liabilities		321,854,184.76	323,896,154.94
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings			
Debt instruments payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	V. 25		
Long-term payables			
Long-term employee benefits payable			
estimated liabilities	V. 26	34,354,500.00	34,354,500.00
Deferred income	V. 28	29,296,879.20	30,259,480.02
Deferred income tax liabilities		873,668.47	1,747,336.93
Other non-current liabilities	V. 27	1,625,230.23	1,625,230.23
Total non-current liabilities		66,150,277.90	67,986,547.18
Total liabilities		388,004,462.66	391,882,702.12
Shareholders' equity:			
Share capital	V. 29	873,370,000.00	873,370,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	V. 30	1,083,997,337.88	1,083,997,337.88
Less: Treasury stock			
Other comprehensive income	V. 31	-257,215,708.71	-258,490,617.41
Designated reserves	V. 32		
Surplus reserves	V. 33	108,587,124.40	108,587,124.40
General risk provision			
Retained earnings	V. 34	-2,024,079,890.06	-2,018,924,032.31
Total equity attributable to shareholders of the Parent		-215,341,136.49	-211,460,187.44
Minority interests		1,998,935.83	2,034,160.34
Total shareholders' equity		-213,342,200.66	-209,426,027.10
Total liabilities and shareholders' equity		174,662,262.00	182,456,675.02

the Company's Chairman:
Zhu Xinguang

Chief Financial Officer:
Liu Kejia

Chief Accounting Officer:
Lin Bin

(2) Balance Sheet of parent company

Unit: RMB

Items	Notes	June 30 2025	December 31 2024
Current assets:			
Monetary funds		12,003.97	442.59

Deposit Reservation for Balance			
Lending funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing		2,488,323.49	1,212,024.71
Advances to suppliers			
Receivable premium			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables			
Including: Interests receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		620,824.01	620,824.01
Total current assets		3,121,151.47	1,833,291.31
Non-current assets:			
Issuing loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		3,487,352.50	3,487,352.50
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		8,585.08	10,130.02
Construction in progress			
Biological assets held for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred charges			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		3,495,937.58	3,497,482.52

Total asset		6,617,089.05	5,330,773.83
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Sell to repurchase financial assets			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employment benefits payable		2,360,386.67	2,461,170.54
Taxes and fees payable		143,555.93	152,843.00
Other payables		169,125,845.38	166,444,922.29
Including: Interests payable			
Dividends payable			
Charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		171,629,787.98	169,058,935.83
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings			
Debt instruments payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		34,354,500.00	34,354,500.00
Deferred income tax liabilities			

Other non-current liabilities			
Total non-current liabilities		34,354,500.00	34,354,500.00
Total liabilities		205,984,287.98	203,413,435.83
Owner's equity			
Share capital		873,370,000.00	873,370,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		996,869,700.23	996,869,700.23
Less: Treasury stock			
Other comprehensive income			
Designated reserves			
Surplus reserves		108,587,124.40	108,587,124.40
General risk provision			
Retained earnings		-2,178,194,023.56	-2,176,909,486.63
Total shareholders' equity		-199,367,198.93	-198,082,662.00
Total liabilities and shareholders' equity		6,617,089.05	5,330,773.83

(3) Consolidated income statement

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Total operating income		77,290,682.83	67,972,751.65
Including: Revenue from operation	V. 35	77,290,682.83	67,972,751.65
Interest income			
The premium has been made			
Fee and commission income			
II. Total operating costs		84,866,696.15	76,013,873.09
Including: Cost for operation	V. 35	50,444,045.72	41,144,798.54
Interest expense			
Service charge and commission fee			
Surrender value			
Net payments for insurance claims			
Draw the net insurance liability reserve			
Bond insurance expense			
Reinsurance expenses			
Taxes and surcharges	V. 36	650,030.42	366,556.50
Selling expenses	V. 37	20,731,944.56	22,722,939.51
Administrative expenses	V. 38	10,574,269.74	10,764,545.32
Research and development expenses	V. 39	835,320.78	845,198.23

Financial costs	V. 40	1,631,084.93	169,834.99
Including: Interest expense		111,903.36	169,834.99
Interest income		-3,159.27	
Add: Other income	V. 41	1,219,518.31	1,552,829.82
Investment income (loss presented with “-” prefix)	V. 42		24,471.12
Including: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Exchange earning(loss presented with “-” prefix)			
Net open hedge income (loss presented with “-” prefix)			
Gain from changes in fair value (loss presented with “-” prefix)			
Credit impairment loss (loss presented with “-” prefix)	V. 43	307,479.03	-10,111.68
Asset impairment loss (loss presented with “-” prefix)	V. 44		
Gain on disposal of assets (loss presented by “-” prefix)	V. 45		3,628.15
III. Profit from operation (loss presented with “-” prefix)		-6,049,015.98	-6,470,304.03
Add: Non-operating income	V. 46	11,606.04	105,441.41
Less: Non-operating expenses	V. 47	27,340.78	5,655.02
IV. Total profits (total loss presented with “-” prefix)		-6,064,750.72	-6,370,517.64
Less: Income tax expenses	V. 48	-873,668.46	-906,155.22
V. Net profit (net loss presented with “-” prefix)		-5,191,082.26	-5,464,362.42
Include: the net profit realized by the merged party before the merger			
A. Classified by business continuity	-	-	-
1. Net profit from continued operations (net loss presented with “-” prefix)		-5,191,082.26	-5,464,362.42
2. Net profit from discontinued operations (net loss presented with “-” prefix)			
B. Classified by ownership	-	-	-
1. Net profit attributable to		-35,224.51	47,812.25

shareholders of the Parent (net loss presented with “-” prefix)			
2. Profits and losses attributable to minority interests (net loss presented with “-” prefix)		-5,155,857.75	-5,512,174.67
VI. Net after-tax other comprehensive income		169,750.27	-1,659,232.68
A. Net after-tax other comprehensive income attributable to shareholders of the Parent		169,750.27	-1,659,232.68
1. Other comprehensive income not reclassification to profit or loss			
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income of non-convertible profit and loss under the equity method			
(3) Changes in fair value of other equity instruments investment			
(4) Changes in fair value of the Company’ s own credit risk			
(5) Others			
2. Other comprehensive income reclassification to profit or loss		169,750.27	-1,659,232.68
(1) Other comprehensive income of convertible profit and loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Other debt investment credit impairment provisions			
(5) Cash flow hedge reserve			
(6) Exchange difference on translation of foreign financial statements		169,750.27	-1,659,232.68
(7) Others			
B. Net after-tax other comprehensive income attributable to minority interests			
VII. Total comprehensive income		-5,021,331.99	-7,123,595.10
A. Total comprehensive income		-4,986,107.48	-7,171,407.35

attributable to shareholders of the Parent			
B. Total comprehensive income attributable to minority interests		-35,224.51	47,812.25
VIII. Earning per share:			
A. Basic earning per share (RMB per share)		-0.006	-0.006
B. Diluted earning per share (RMB per share)		-0.006	-0.006

(4) Parent company income statement

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I Revenue from operation			
Less: Cost for operation			
Taxes and surcharges			
Selling expenses			
Administrative expenses		1,295,798.31	1,140,180.05
Research and development expenses			
Financial costs		298.06	344.94
Including: Interest expense			
Interest income		-1.94	-1.56
Add: Other income			
Investment income (loss presented with “-” prefix)			
Including: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Exchange gains(loss presented with “-” prefix)			
Net open hedge income (loss presented with “-” prefix)			
Gain from changes in fair value (loss presented with “-” prefix)			
Credit impairment loss (loss presented with “-” prefix)			
Asset impairment loss (loss presented with “-” prefix)			
Gain on disposal of assets (loss			

presented by “-” prefix)			
II. Profit from operation (loss presented with “-” prefix)		-1,296,096.37	-1,140,524.99
Add: Non-operating income		11,559.44	56,162.61
Less: Non-operating expenses			
III. Total profits (total loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
Less: Income tax expenses			
IV. Net profit (net loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
1. Net profit from continued operations (net loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
2. Net profit from discontinued operations (net loss presented with “-” prefix)			
V. Net after-tax other comprehensive income			
1. Other comprehensive income not reclassifiable to profit or loss			
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income of non-convertible profit and loss under the equity method			
(3) Changes in fair value of other equity instruments investment			
(4) Changes in fair value of the Company’ s own credit risk			
(5) Others			
2. Other comprehensive income reclassification to profit or loss			
(1) Other comprehensive income of convertible profit and loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Other debt investment credit impairment provisions			

(5) Cash flow hedge reserve			
(6) Exchange difference on translation of foreign financial statements			
(7) Others			
VI. Total comprehensive income		-1,284,536.93	-1,084,362.38
VII. Earning per share:			
A. Basic earning per share (RMB per share)			
B. Diluted earning per share (RMB per share)			

(5) Consolidated statement of cash flow

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received for sales of goods and rendering of services		72,254,345.23	81,280,470.53
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from the original insurance contract premium			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Cash for interest, fees and commissions			0.01
Net increase in borrowed funds			
Net increase in repurchase business funds			
Net cash received from agents buying and selling securities			
Tax refund received			285,914.62
Other cash receipts relating to operating activities	V. 50	4,616,710.16	5,228,473.21
Cash inflows from operating activities (subtotal)		76,871,055.39	86,794,858.37

Cash payments for purchase of goods and services		50,215,763.74	55,940,600.87
Net increase in loans and advances to customers			
Net increase in deposits with central banks and interbanks			
Cash to pay the original insurance contract compensation			
Net increase in financial assets held for trading purposes			
Net increase in borrowed funds			
Cash for interest, fees and commissions			
Cash to pay policy dividends			
Cash paid to or on behalf of employees		18,365,073.20	19,513,151.89
Taxes and fees paid		3,176,578.66	399,755.81
Other cash payments relating to operating activities	V. 50	11,961,871.41	16,293,158.15
Cash outflows for operating activities (subtotal)		83,719,287.01	92,146,666.72
Net cash flows from operating activities		-6,848,231.62	-5,351,808.35
II. Cash flows from investing activities:			
Cash received from investment withdrawal			9,100,000.00
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			3,700.00
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Cash inflows from investing activities (subtotal)			9,103,700.00
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets		50,442.48	106,110.00
Cash paid for investment			
Net increase in mortgage loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities			
Cash outflows for investing activities		50,442.48	106,110.00

(subtotal)			
Net cash flows from investing activities		-50,442.48	8,997,590.00
III. Cash flows from financing activities:			
Cash received from investors			
Including: Cash received by subsidiaries from investments of minority shareholders			
Cash received from loans raised			
Cash received from bond issuance			
Other cash receipts relating to financing activities			
Cash inflows from financing activities (subtotal)			
Cash paid for debt repayment			
Cash paid for dividends, profit distribution and interests			
Including: Dividends and profits paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities			
Cash outflows for financing activities (subtotal)			
Net cash flows from financing activities			
IV. Impact of change of foreign exchange rates on cash and cash equivalents		8,235.42	33,314.14
V. Net increase of cash and cash equivalents		-6,890,438.68	3,679,095.79
Add: cash and cash equivalents opening balance		18,834,578.94	6,442,713.65
VI. Cash and cash equivalents closing balance		11,944,140.26	10,121,809.44

(6) Statement of cash flow of parent company

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received for sales of goods and rendering of services			

Tax refund received			
Other cash receipts relating to operating activities		11,561.38	387,885.34
Cash inflows from operating activities (subtotal)		11,561.38	387,885.34
Cash payments for purchase of goods and services			
Cash paid to or on behalf of employees			21,681.87
Taxes and fees paid			
Other cash payments relating to operating activities			367,712.78
Cash outflows for operating activities (subtotal)			389,394.65
Net cash flows from operating activities		11,561.38	-1,509.31
II. Cash flows from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Cash inflows from investing activities (subtotal)			
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets			
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash payments relating to investing activities			
Cash outflows for investing activities (subtotal)			
Net cash flows from investing activities			
Cash flows from financing activities:			
Cash received from investors			
Cash received from loans raised			

Cash received from bond issuance			
Other cash receipts relating to financing activities			
Cash inflows from financing activities (subtotal)			
Cash paid for debt repayment			
Cash paid for dividends, profit distribution and interests			
Other cash payments relating to financing activities			
Cash outflows for financing activities (subtotal)			
Net cash flows from financing activities			
IV. Impact of change of foreign exchange rates on cash and cash equivalents			
V. Net increase of cash and cash equivalents		11,561.38	-1,509.31
Add: cash and cash equivalents opening balance		442.59	2,051.94
VI. Cash and cash equivalents closing balance		12,003.97	542.63

II. PREPARED UNDER THE PRC GAAP

AUDIT REPORT

The interim report of the Company has not been audited.

FINANCIAL STATEMENTS

(1) Consolidated Balance Sheet

Unit: RMB

Items	Notes	June 30 2025	December 31 2024
Current assets:			
Monetary funds	V. 1	10,792,231.20	18,834,578.94
Deposit Reservation for Balance			
Lending funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable	V. 2		20,000.00
Accounts receivable	V. 3	45,181,858.99	34,802,007.03
Receivables financing			
Advances to suppliers	V. 4	2,672,659.24	3,536,769.28
Receivable premium			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	V. 5	10,146,812.09	12,278,565.80
Including: Interests receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories	V. 6	31,096,519.31	32,559,631.50
Contract assets	V. 7	7,626,005.86	7,958,668.33
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	V. 8	729,035.18	958,221.07
Total current assets		108,245,121.87	110,948,441.96
Non-current assets:			
Issuing loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	V. 9		
Other equity instrument investments	V. 10		
Other non-current financial assets	V. 11	19,070,849.21	19,070,849.21
Investment properties			

Fixed assets	V. 12	31,214,029.65	32,678,445.71
Construction in progress			
Biological assets held for production			
Oil and gas assets			
Right-of-use assets	V. 13	3,494,673.89	6,989,347.70
Intangible assets	V. 14	10,890,250.45	11,022,253.51
Development expenditure			
Goodwill	V. 15		
Long-term deferred charges			
Deferred income tax assets	V. 16	1,747,336.93	1,747,336.93
Other non-current assets			
Total non-current assets		66,417,140.13	71,508,233.06
Total asset		174,662,262.00	182,456,675.02
Current liabilities:			
Short-term borrowings	V. 17		
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	V. 18	50,194,463.71	43,004,055.56
Advances from customers			
Contract liabilities	V. 19	22,493,252.18	24,929,450.09
Sell to repurchase financial assets			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employment benefits payable	V. 20	2,900,007.60	3,811,782.06
Taxes and fees payable	V. 21	2,798,399.30	2,967,633.03
Other payables	V. 22	233,394,289.31	238,184,941.31
Including: Interests payable			
Dividends payable			
Charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year	V. 23	6,989,347.73	6,989,347.70
Other current liabilities	V. 24	1,393,201.37	2,861,319.59
Total current liabilities		320,162,961.20	322,748,529.34
Non-current liabilities:			

Reserve fund for insurance contracts			
Long-term borrowings			
Debt instruments payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	V. 25		
Long-term payables			
Long-term employee benefits payable			
estimated liabilities	V. 26	34,354,500.00	34,354,500.00
Deferred income	V. 28	29,296,879.20	30,259,480.02
Deferred income tax liabilities		873,668.47	1,747,336.93
Other non-current liabilities	V. 27	1,625,230.23	1,625,230.23
Total non-current liabilities		66,150,277.90	67,986,547.18
Total liabilities		386,313,239.10	390,735,076.52
Shareholders' equity:			
Share capital	V. 29	873,370,000.00	873,370,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	V. 30	1,083,997,337.88	1,083,997,337.88
Less: Treasury stock			
Other comprehensive income	V. 31	-257,215,708.71	-258,490,617.41
Designated reserves	V. 32	1,691,223.56	1,147,625.60
Surplus reserves	V. 33	108,587,124.40	108,587,124.40
General risk provision			
Retained earnings	V. 34	-2,024,079,890.06	-2,018,924,032.31
Total equity attributable to shareholders of the Parent		-213,649,912.93	-210,312,561.84
Minority interests		1,998,935.83	2,034,160.34
Total shareholders' equity		-211,650,977.10	-208,278,401.50
Total liabilities and shareholders' equity		174,662,262.00	182,456,675.02

the Company's Chairman:
Zhu Xinguang

Chief Financial Officer:
Liu Kejia

Chief Accounting Officer:
Lin Bin

(2) Balance Sheet of parent company

Unit: RMB

Items	Notes	June 30 2025	December 31 2024
Current assets:			
Monetary funds		12,003.97	442.59
Deposit Reservation for Balance			
Lending funds			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing		2,488,323.49	1,212,024.71
Advances to suppliers			
Receivable premium			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables			
Including: Interests receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventories			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		620,824.01	620,824.01
Total current assets		3,121,151.47	1,833,291.31
Non-current assets:			
Issuing loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		3,487,352.50	3,487,352.50
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		8,585.08	10,130.02
Construction in progress			
Biological assets held for production			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development expenditure			
Goodwill			

Long-term deferred charges			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		3,495,937.58	3,497,482.52
Total asset		6,617,089.05	5,330,773.83
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Loans from other banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Contract liabilities			
Sell to repurchase financial assets			
Deposits from customers and interbank			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Employment benefits payable		2,360,386.67	2,461,170.54
Taxes and fees payable		143,555.93	152,843.00
Other payables		169,125,845.38	166,444,922.29
Including: Interests payable			
Dividends payable			
Charges and commissions payable			
Dividend payable for reinsurance			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		171,629,787.98	169,058,935.83
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings			
Debt instruments payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			

Long-term employee benefits payable			
Provisions			
Deferred income		34,354,500.00	34,354,500.00
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		34,354,500.00	34,354,500.00
Total liabilities		205,984,287.98	203,413,435.83
Shareholders' equity:			
Share capital		873,370,000.00	873,370,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		996,869,700.23	996,869,700.23
Less: Treasury stock			
Other comprehensive income			
Designated reserves			
Surplus reserves		108,587,124.40	108,587,124.40
General risk provision			
Retained earnings		-2,178,194,023.56	-2,176,909,486.63
Total shareholders' equity		-199,367,198.93	-198,082,662.00
Total liabilities and shareholders' equity		6,617,089.05	5,330,773.83

(3) Consolidated income statement

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Total operating income		77,290,682.83	67,972,751.65
Including: Revenue from operation	V. 35	77,290,682.83	67,972,751.65
Interest income			
The premium has been made			
Fee and commission income			
II. Total operating costs		84,866,696.15	75,990,303.33
Including: Cost for operation	V. 35	50,444,045.72	41,144,798.54
Interest expense			
Service charge and commission fee			
Surrender value			
Net payments for insurance claims			
Draw the net insurance liability reserve			
Bond insurance expense			
Reinsurance expenses			

Taxes and surcharges	V. 36	650,030.42	366,556.50
Selling expenses	V. 37	20,731,944.56	22,722,939.51
Administrative expenses	V. 38	10,574,269.74	10,396,547.11
Research and development expenses	V. 39	835,320.78	845,198.23
Financial costs	V. 40	1,631,084.93	514,263.44
Including: Interest expense		111,903.36	169,834.99
Interest income		-3,159.27	-23,569.75
Add: Other income	V. 41	1,219,518.31	1,529,260.06
Investment income (loss presented with “-” prefix)	V. 42		9,124,471.12
Including: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Exchange earning(loss presented with “-” prefix)			
Net open hedge income (loss presented with “-” prefix)			
Gain from changes in fair value (loss presented with “-” prefix)			
Credit impairment loss (loss presented with “-” prefix)	V. 43	307,479.03	-10,111.68
Asset impairment loss (loss presented with “-” prefix)	V. 44		
Gain on disposal of assets (loss presented by “-” prefix)	V. 45		3,628.15
III. Profit from operation (loss presented with “-” prefix)		-6,049,015.98	2,629,695.97
Add: Non-operating income	V. 46	11,606.04	105,441.41
Less: Non-operating expenses	V. 47	27,340.78	5,655.02
IV. Total profits (total loss presented with “-” prefix)		-6,064,750.72	2,729,482.36
Less: Income tax expenses	V. 48	-873,668.46	-906,155.22
V. Net profit (net loss presented with “-” prefix)		-5,191,082.26	3,635,637.58
Include: the net profit realized by the merged party before the merger			
A. Classified by business continuity		-	-
1. Net profit from continued operations (net loss presented with “-” prefix)		-5,191,082.26	3,635,637.58

2. Net profit from discontinued operations (net loss presented with “-” prefix)			
B. Classified by ownership		-	-
1. Net profit attributable to shareholders of the Parent (net loss presented with “-” prefix)		-35,224.51	47,812.25
2. Profits and losses attributable to minority interests (net loss presented with “-” prefix)		-5,155,857.75	3,587,825.33
VI. Net after-tax other comprehensive income		169,750.27	-1,659,232.68
A. Net after-tax other comprehensive income attributable to shareholders of the Parent		169,750.27	-1,659,232.68
1. Other comprehensive income not reclassification to profit or loss			
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income of non-convertible profit and loss under the equity method			
(3) Changes in fair value of other equity instruments investment			
(4) Changes in fair value of the Company’ s own credit risk			
(5) Others			
2. Other comprehensive income reclassification to profit or loss		169,750.27	-1,659,232.68
(1) Other comprehensive income of convertible profit and loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassified into other comprehensive income			
(4) Other debt investment credit impairment provisions			
(5) Cash flow hedge reserve			
(6) Exchange difference on translation of foreign financial statements		169,750.27	-1,659,232.68
(7) Others			
B. Net after-tax other comprehensive			

income attributable to minority interests			
VII. Total comprehensive income		-5,021,331.99	1,976,404.90
A. Total comprehensive income attributable to shareholders of the Parent		-4,986,107.48	1,928,592.65
B. Total comprehensive income attributable to minority interests		-35,224.51	47,812.25
VIII. Earning per share:			
A. Basic earning per share (RMB per share)		-0.006	0.004
B. Diluted earning per share (RMB per share)		-0.006	0.004

(4) Parent company income statement

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I Revenue from operation			
Less: Cost for operation			
Taxes and surcharges			
Selling expenses			
Administrative expenses		1,295,798.31	1,140,180.05
Research and development expenses			
Financial costs		298.06	344.94
Including: Interest expense			
Interest income		-1.94	-1.56
Add: Other income			
Investment income (loss presented with “-” prefix)			
Including: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Exchange gains(loss presented with “-” prefix)			
Net open hedge income (loss presented with “-” prefix)			
Gain from changes in fair value (loss presented with “-prefix)			

Credit impairment loss (loss presented with “-” prefix)			2,700
Asset impairment loss (loss presented with “-” prefix)			
Gain on disposal of assets (loss presented by “-” prefix)			
II. Profit from operation (loss presented with “-” prefix)		-1,296,096.37	-1,140,524.99
Add: Non-operating income		11,559.44	56,162.61
Less: Non-operating expenses			
III. Total profits (total loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
Less: Income tax expenses			
IV. Net profit (net loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
1. Net profit from continued operations (net loss presented with “-” prefix)		-1,284,536.93	-1,084,362.38
2. Net profit from discontinued operations (net loss presented with “-” prefix)			
V. Net after-tax other comprehensive income			
1. Other comprehensive income not reclassifiable to profit or loss			
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income of non-convertible profit and loss under the equity method			
(3) Changes in fair value of other equity instruments investment			
(4) Changes in fair value of the Company’ s own credit risk			
(5) Others			
2. Other comprehensive income reclassification to profit or loss			
(1) Other comprehensive income of convertible profit and loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets			

reclassified into other comprehensive income			
(4) Other debt investment credit impairment provisions			
(5) Cash flow hedge reserve			
(6) Exchange difference on translation of foreign financial statements			
(7) Others			
VI. Total comprehensive income		-1,284,536.93	-1,084,362.38
VII. Earning per share:			
A. Basic earning per share (RMB per share)			
B. Diluted earning per share (RMB per share)			

(5) Consolidated statement of cash flow

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received for sales of goods and rendering of services		72,254,345.23	81,280,470.53
Net increase in customer deposits and interbank deposits			
Net increase in borrowing from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash received from the original insurance contract premium			
Net cash received from reinsurance operations			
Net increase in policyholders' savings and investment funds			
Cash for interest, fees and commissions			0.01
Net increase in borrowed funds			
Net increase in repurchase business funds			
Net cash received from agents buying and selling securities			
Tax refund received			285,914.62
Other cash receipts relating to	V. 50	4,616,710.16	5,228,473.21

operating activities			
Cash inflows from operating activities (subtotal)		76,871,055.39	86,794,858.37
Cash payments for purchase of goods and services		50,215,763.74	55,940,600.87
Net increase in loans and advances to customers			
Net increase in deposits with central banks and interbanks			
Cash to pay the original insurance contract compensation			
Net increase in financial assets held for trading purposes			
Net increase in borrowed funds			
Cash for interest, fees and commissions			
Cash to pay policy dividends			
Cash paid to or on behalf of employees		18,365,073.20	19,513,151.89
Taxes and fees paid		3,176,578.66	399,755.81
Other cash payments relating to operating activities	V. 50	11,961,871.41	16,293,158.15
Cash outflows for operating activities (subtotal)		83,719,287.01	92,146,666.72
Net cash flows from operating activities		-6,848,231.62	-5,351,808.35
II. Cash flows from investing activities:			
Cash received from investment withdrawal			9,100,000.00
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			3,700.00
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Cash inflows from investing activities (subtotal)			9,103,700.00
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets		50,442.48	106,110.00
Cash paid for investment			
Net increase in mortgage loans			
Net cash paid for acquisition of subsidiaries and other business units			

Other cash payments relating to investing activities			
Cash outflows for investing activities (subtotal)		50,442.48	106,110.00
Net cash flows from investing activities		-50,442.48	8,997,590.00
III. Cash flows from financing activities:			
Cash received from investors			
Including: Cash received by subsidiaries from investments of minority shareholders			
Cash received from loans raised			
Cash received from bond issuance			
Other cash receipts relating to financing activities			
Cash inflows from financing activities (subtotal)			
Cash paid for debt repayment			
Cash paid for dividends, profit distribution and interests			
Including: Dividends and profits paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities			
Cash outflows for financing activities (subtotal)			
Net cash flows from financing activities			
IV. Impact of change of foreign exchange rates on cash and cash equivalents		8,235.42	33,314.14
V. Net increase of cash and cash equivalents		-6,890,438.68	3,679,095.79
Add: cash and cash equivalents opening balance		18,834,578.94	6,442,713.65
VI. Cash and cash equivalents closing balance		11,944,140.26	10,121,809.44

(6) Statement of cash flow of parent company

Unit: RMB

Items	Notes	January to June 2025	January to June 2024
I. Cash flows from operating activities:			
Cash received for sales of goods and rendering of services			
Tax refund received			
Other cash receipts relating to operating activities		11,561.38	387,885.34
Cash inflows from operating activities (subtotal)		11,561.38	387,885.34
Cash payments for purchase of goods and services			
Cash paid to or on behalf of employees			21,681.87
Taxes and fees paid			
Other cash payments relating to operating activities			367,712.78
Cash outflows for operating activities (subtotal)			389,394.65
Net cash flows from operating activities		11,561.38	-1,509.31
II. Cash flows from investing activities:			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Cash inflows from investing activities (subtotal)			
Cash paid for purchase or construction of fixed assets, intangibles assets and other long-term assets			
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			

Other cash payments relating to investing activities			
Cash outflows for investing activities (subtotal)			
Net cash flows from investing activities			
Cash flows from financing activities:			
Cash received from investors			
Cash received from loans raised			
Cash received from bond issuance			
Other cash receipts relating to financing activities			
Cash inflows from financing activities (subtotal)			
Cash paid for debt repayment			
Cash paid for dividends, profit distribution and interests			
Other cash payments relating to financing activities			
Cash outflows for financing activities (subtotal)			
Net cash flows from financing activities			
IV. Impact of change of foreign exchange rates on cash and cash equivalents			
V. Net increase of cash and cash equivalents		11,561.38	-1,509.31
Add: cash and cash equivalents opening balance		442.59	2,051.94
VI. Cash and cash equivalents closing balance		12,003.97	542.63

Company Profile

Northeast Electric Development Co., Ltd. ("**the Company**" or "**Company**") was officially founded on 18 February 1993. In 1995, the Company issued 257.95 million of H-shares in Hong Kong and was listed on the Hong Kong Stock Exchange on 6 July 1995. In the same year the Company issued 30 million of A-shares in a public offering and was listed on the Shenzhen Stock Exchange on 13 December 1995. The Company's registered address is at Room A1-1077, 5th Floor, Building A, Entrepreneurship Incubation Center of Haikou National High-tech Zone, No.266 Nanhai Avenue, Haikou City, Hainan Province.

The Company and its subsidiaries (collectively, the "**Group**") mainly engage in production and sales of enclosed busbar, hotel catering and accommodation.

The financial statements were approved through the resolution on 27 August 2025 by the Board of Directors of the Company.

The Company's parent Company is Beijing Haihongyuan Investment Management Co., Ltd. (hereinafter referred to as "**Haihongyuan**"); Due to the implementation of the "Reorganization Plan for Substantive Merger and Reorganization of 321 Companies including HNA Group Co., Ltd.", the actual controller of Northeast Electric was changed from Hainan Province Cihang Foundation to no actual controller.

Basis of Preparation of Financial Statements

1. Basic of preparation

The financial statements of our company are prepared based on the going concern assumption and actual transactions and events, in accordance with the "**Enterprise Accounting Standards - Basic Standards**" and various specific accounting standards, enterprise accounting standards application guidelines, enterprise accounting standards interpretations, and other relevant regulations issued by the Ministry of Finance on or after February 15 2006 (hereinafter referred to as "**Enterprise Accounting Standards**"), as well as with reference to the disclosure provisions of the "**General Provisions on Financial Reports**" of the China Securities Regulatory Commission's "**Information Disclosure Reporting Rules for Companies that Issue Securities to the Public No. 15**".

The Group has prepared its financial accounting by Accrual Basis, according to the relevant regulations of the Accounting Standards for Business Enterprises. Except for some financial instruments, the financial statements are valued at historical cost. Impairment of assets reserves is allocated once such impairment happens.

2. Continuing operations

Our company has been experiencing continuous losses since 2022, with negative net profits for three consecutive years from 2022 to 2024. As of June 30, 2025, the cumulative net loss is RMB2,024.0799 million, attributable to shareholders' equity of the parent company of RMB-213.6499 million, and current liabilities are higher than current assets of RMB211.9178 million. There is significant uncertainty regarding the main issues or circumstances that may raise significant doubts about our ability to continue as a going concern, and as a result, the company may not be able to realize assets and repay debts in the normal course of business.

When evaluating whether the company has sufficient financial resources to continue operating on a going concern basis, the company has taken into account future liquidity and available funding sources. To enhance the ability for sustainable development and profitability, improve asset quality, and restore healthy development, the following measures are proposed to improve the ability for sustainable operation:

(1) Make every effort to maintain a stable internal and external business environment, and plan for long-term sustainable operation goals. To achieve cash flow balance, plan and adjust business operation scale reasonably, establish stable business goals, continuously improve operational management, enhance product innovation capabilities, and maintain and strengthen sustainable operation capabilities. On the basis of achieving growth in the company's current main business level within the comparable caliber in 2024, it is expected that there will still be a certain degree of growth in 2025.

(2) Develop new products to enhance market competitiveness. Taking full advantage of the overall favorable policies in the national power industry in recent years, with the development of traditional busbar transmission and transformation equipment products as the core, we will adjust the product structure, expand the market for new busbar products, increase the proportion of renovation projects and new products with high gross profit margins in the sales revenue of busbar business orders, and effectively enhance the profitability of our main business.

(3) Reasonably allocate resources and strengthen cost control. The organizational structure of our group has now formed a flat management, effectively reducing labor costs. At the same time, strengthen comprehensive budget management and cost control, strictly control various expenses, and reduce operating costs.

(4) Ensure safe production and firmly guard the safety red line. Strengthen organizational leadership, strictly implement main responsibilities, vigorously implement various responsibility measures, and ensure production safety and stability. Refine emergency plans, improve emergency response capabilities with the highest work standards, strictest work requirements, and strongest sense of responsibility, effectively implement safety prevention work, and create a favorable safety environment for the smooth and orderly operation and development of enterprise safety production.

(5) By strengthening the collection of accounts receivable and seeking external financial support, the Group can ensure its own funding needs. Funding source: Firstly, the main business plans to improve cash flow by strengthening supply chain management and internal fund management, reducing capital occupation, accelerating payment collection, increasing material credit limits, or seeking bank loans; Secondly, the company can seek the support of major shareholders to provide the necessary level of financial support for the group; Thirdly, Northeast Electric and its subsidiaries have no loans or borrowings from financial institutions or unrelated external entities. Fuxin Bus has good bank credit and financing records, and has financing capabilities. In the future, depending on its own business development needs, it can apply for bank credit loans through collateral assets to support continuous operations for the next 12 months; Through the above measures, the Group is able to ensure the demand for working capital and achieve cash flow balance.

(6) Fully utilize capital market financing channels and make every effort to introduce strategic investors. Although the subscription agreement for Northeast Electric's 2023 H-share issuance to attract strategic investors has expired, fully attracting strategic investors is the core work of Northeast Electric in 2025. Therefore, the major shareholder has announced on the Beijing Property Rights Exchange Co., Ltd. that it intends to transfer 81494850 shares (accounting for 9.33% of the total share capital) of Northeast Electric.

The above improvement measures will help the company improve its ability to continue as a going concern, and there are no significant obstacles to implementing the above measures. Therefore, if the above measures are effectively implemented, it is appropriate for the company to prepare financial statements based on the premise of going concern. But if the above improvement measures cannot be implemented, the company may not be able to continue operating, so there is still significant uncertainty in the company's ability to continue operating.

III. Significant Accounting Policies and Accounting Estimates

1. The Group has set up certain specific Accounting Policies and Accounting Estimates on accounting items such as Accounts Receivables, Inventories, Fixed Assets, and Income according to actual characteristics of manufacturing and operations and the relevant stipulations in the Accounting Standards for Business Enterprises. For the explanations on significant accounting judgements and estimates made by the Management, please refer to Note III.30 "Major accounting judgment and estimate".

2. Statement of Compliance with the Accounting Standards for Business Enterprises

This financial statement complies with the requirements of corporate accounting standards, truly and completely reflecting the consolidated and individual financial status of our Company as of June 30 2025, as well as the consolidated and individual operating results and cash flows for the period from January to June 2025.

3. Accounting period

The accounting period of the Group is divided into annual and interim, and interim accounting period represents a reporting period which is shorter than an annual accounting period. The annual accounting period of the Group commences on 1 January and ends on 31 December each year.

4. Operating cycle

A normal operating cycle starts from purchasing assets used to produce, and ends when cash or cash equivalents are realised. It's the Group's practice to set an operating cycle as 12 months, which is also the standard classification criterion for status of liquidity of both assets and liabilities.

5. Recording currency

The recording currency of the Company and the subsidiaries incorporated and operated in mainland China is Renminbi (RMB), which is the currency of the primary economic environment in which they operate. The recording currency of the subsidiaries incorporated outside mainland China is Hong Kong Dollar (HKD), which is the currency of the primary economic environment in which they operate. The financial statements of the Group are represented in RMB.

6. Accounting treatment for business combinations under common control and business combination not under common control

Business combinations represent the consolidation of the transactions and events of two or more individual enterprises. Business combinations can be classified as business combination under common control and business combination not under common control.

(1) Business combination under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For business combination under common control, the party obtaining the control of the other parties at the combination date is the acquiring party, other parties involved in the business combination are the parties being acquired. The combination date is the date on which the acquiring party effectively obtains control of the parties being acquired.

Assets and liabilities that are obtained by the acquiring party in a business combination shall be measured at their carrying amounts at the combination date as recorded by the parties being acquired. The difference between the carrying amount of the net assets obtained by the acquiring party and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital reserve (or share premium). If the capital reserve (or share premium) is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Expenses that are directly attributable to business combination are expensed in the profit and loss in the period incurred.

(2) Business combination not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties either before or after the combination. For business combination not under common control, the party obtaining the control of the other parties at the acquisition date is the acquirer, other parties involved in the business combination are the acquirees. The acquisition date is the date on which the acquirer effectively obtains control of the acquirees.

For business combination not under common control, the cost of business combination includes assets paid by the acquirer, liabilities paid or undertaken and the fair value of equity securities issued for the controlling interest of the acquiree on the acquisition date. Costs that are directly attributable to the business combination such as audit fee, legal service fee, consultancy fee and other intermediate expenses as well as other management fees incurred by the Company as acquirer are expensed in the profit or loss in the period incurred. Transaction fees of equity securities or debt securities issued for a business combination are included in the initially recognised amount of equity securities or debt securities. The contingent consideration involved is included in the cost of combination at its fair value on the acquisition date. For conditions that existed at the date of the acquisition and within 12 months from the acquisition date, when there is new or further evidence which requires the adjustment of the contingent consideration, the goodwill arising from the business combination shall be amended accordingly.

The cost of combination incurred and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the acquisition date, the difference is recognised as goodwill; for those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost still lower than the portion of fair value of net identifiable assets of acquiree acquired in combination after re-verification, they are recognized in profit or loss for the period.

In relation to the deductible temporary differences acquired from the acquiree which were not recognised as deferred tax assets due to non-fulfillment of the recognition criteria on the acquisition date, for conditions that existed at the date of the acquisition and within 12 months from the acquisition date, when there is updated or new evidence that indicates future taxable profits will be available to utilize the deductible temporary differences, the relevant deferred tax assets shall be recognised and set-off against goodwill, when the amount of goodwill is less than the deferred tax assets that shall be recognised, the difference shall be recognised in current profit or loss. Except for the above circumstances, deferred tax assets

recognised in relation to business combination are recognised in profit or loss for the period.

For a business combination not involving enterprises under common control and achieved in stages, the Company would determine whether the business combination shall be regarded as "a bundle of transactions" in accordance with the criteria for "a bundle of transactions" in "Interpretation 5 on Accounting Standards for Business Enterprises" (Cai Kuai [2012] No.19) and Article 51 of "Decree 33, Accounting Standards for Business Enterprises-Consolidated Reports"(Refer to paragraph (2) under Note IV.5 "Preparation method of consolidated financial statements"). When the business combination is regarded as "a bundle of transactions", the accounting treatment for the business combination shall be in accordance with the previous paragraphs and Note Long-term equity investments"; when the business combination is not regarded as "a bundle of transactions", the accounting treatment for the individual financial statements and consolidated financial statements shall be as follows:

In the Company's financial statements, the initial cost of the investment shall be the sum of the carrying amount of its previously-held equity investment in the acquiree prior to the acquisition date and the amount of additional investment made to the acquiree at the acquisition date. The other comprehensive income involved in the previously-held equity interest in the acquiree prior to the acquisition date is accounted on the same basis as the investee when disposing of its relative assets or liabilities.

In the consolidated financial statements, the previously-held equity interest in the acquiree prior to the acquisition date is remeasured at fair value on the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period. The other comprehensive income relating to the previously-held equity interest in the acquiree prior to the acquisition date is accounted on the same basis as the investee when disposing of its relative assets or liabilities.

7. Control of the judgment standard and the preparation method of the consolidated financial statements

(1) Judgment standard of control

The scope of consolidated financial statements is determined on a control basis. Control means that the Company has the power over the investee, enjoys a variable return by participating in the relevant activities of the investee, and has the ability to use the power to influence the amount of the return. The scope of the merger includes the Company and all of its subsidiaries. Subsidiary, refers to the subject controlled by the Company.

Once the relevant facts and circumstances change the relevant elements involved in the above control definition, the Company will reevaluate

(2) Preparation method of consolidated financial statements

Subsidiaries are consolidated from the date on which the Group obtains control of their net assets and operating policies and are deconsolidated from the date that such control ceases. For subsidiaries being disposed, the operating results and cash flows prior to the date of disposal are included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed during the period, the opening balances of the consolidated balance sheet would not be restated. For subsidiaries acquired from a business combination not under common control, their operating results and cash flows subsequent to the acquisition date are included in the consolidated income statement and consolidated cash flow statement, and the opening balances and comparative figures of the consolidated financial statements would not be restated. For subsidiaries acquired from a business combination under common control, their operating results and cash flows from the date of commencement of the accounting period in which the combination occurred to the date of combination are included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements would be restated.

In preparing the consolidated financial statements, where the accounting policies or the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired from a business combination not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets

at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements.

The portion of a subsidiary's equity and the portion of a subsidiary's net profits and losses for the period not attributable to the Company are presented as minority interests and profits and losses attributable to minority interests in the consolidated financial statements under shareholders' equity and net profit respectively.

Subsidiary's net profits or losses for the period attributable to minority interests are presented in the consolidated income statement as "profits and losses attributable to minority interests" under net profit. When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess is allocated against the minority interests.

When the control to a subsidiary ceased due to disposal of a portion of equity investment in the subsidiary or other reasons, the remaining equity interest is remeasured at its fair value on the date when the control ceased. The difference between the sum of the consideration received from disposal of equity interest and the fair value of the remaining equity interest, less the net assets attributable to the acquirer since acquisition date according to the original shareholding ratio, is recognised as the investment income from the loss of control. Other comprehensive income in relation to the original equity investment in the subsidiary is accounted on the same basis as the investee when disposing the related assets or liabilities when control ceased (i.e. except for changes due to net liabilities or net assets from such subsidiary's re-measured defined benefits plan, the rest is reclassified as investment income during the period). Subsequent measurement of the remaining interests shall be in accordance with relevant accounting standards such as "Accounting Standards for Business Enterprises No. 2 — Long-term Equity Investments" or "Accounting Standards for Business Enterprises No. 22—Financial Instruments Recognition and Measurement", which are detailed in Note IV.16 "Long-term equity investments" or Note IV.11 "Financial instruments".

The Group shall determine whether a series of transactions in relation to disposal of

equity investment in or even loss of control over a subsidiary in stages should be regarded as a bundle of transactions. When the economic effects and terms and conditions of the disposal transactions meet one or more of the following situations, the transactions shall normally be accounted for as a bundle of transactions: (i) The transactions are entered into simultaneously or after considering the mutual consequences of each individual transaction; (ii) The transactions need to be considered as a whole in order to achieve a deal with commercial sense; (iii) The occurrence of an individual transaction depends on the occurrence of one or more individual transaction(s) in the series; and (iv) The result of an individual transaction is not economical, but it would be economical after taking into account of other transactions in the series. When the transactions are not regarded as a bundle of transactions, the individual transactions shall be accounted as "disposal of a portion of an interest in a subsidiary which does not lead to loss of control" (detailed in paragraph (2)(iv) under Note IV.14 "Long-term equity investments") and "disposal of a portion of an interest in a subsidiary which leads to loss of control" (detailed in the previous paragraph), as the case may be. When the transactions are regarded as a bundle of transactions, the transactions shall be accounted as a single disposal transaction; however, the difference between the consideration received from disposal and the share of net assets disposed in each individual transaction before loss of control shall be recognised as other comprehensive income in the consolidated financial statements, and reclassified as profit or loss arising from the loss of control when control is lost.

8. Joint venture arrangement classification and relative accounting methods

Joint venture arrangement is the arrangement jointly controlled by two or more parties. The Group classifies such arrangement as joint operation and joint venture according to the rights and obligations set out in the arrangement. Joint operation refers to the relative arrangement that the Group shares the assets as well as the liabilities of the invested entity. Joint venture refers to the arrangement that the Group shares only the net asset of the invested entity.

Equity method is adopted to account for investment in the joint ventures by the Group in accordance with the accounting policy as set out in paragraph (2)(ii) "Long-term equity investment accounted for using equity method" under Note IV.14 "Long-term equity investments".

In Joint operation, the Group recognises asset and liability singly held, and shared assets and liabilities pro rata shares in the invested entity by the Group. Income pro rata the Group's share in the joint operation production is recognised, as well as income from sales of products pro rata the Group's share in the joint operation. Moreover, expenses by the Group as well as shared expenses pro rata the Group's share in the joint operation are recognised.

When the Group, as a party in the joint operation, transfers or sells assets to, or purchases assets from the joint operation, only the relative profit or loss arising from such transaction attributable to other participating parties will be recognised by the Group before the relative asset is sold to a third party. Where an impairment loss occurs due to such transaction and meet the criteria of "Accounting Standard for Business Enterprise No.8 – Impairment of assets", the Group will recognise loss in full amount if it is the Group that transfers or sells assets to joint operation, and will recognise shared loss if it is the Group that purchases the assets from joint operation. (Note: The transaction mentioned in this paragraph does not constitute a business transaction)

9. Definitions of cash and cash equivalents

Cash and cash equivalents of the Group comprise cash on hand, deposits that can be readily drawn on demand, and short-term (usually mature within three months since acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of foreign currency transactions and foreign currency financial statements

(1) Translation of foreign currency transactions

Foreign currency transactions are, on initial recognition, translated to the recording currency using the spot exchange rate at the dates of the transactions (refer to the midpoint rate published by the People's Bank of China on the same day, hereafter the same), except when the Group carried on a business of currency exchange or was involved in currency exchange transactions, at which the actual exchange rates would be used.

(2) Foreign currency translations for foreign-currency monetary items and foreign-currency nonmonetary items

At the balance sheet date, monetary items denominated in foreign currency are translated into the recording currency using the spot rate of the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current year, except for (i) those attributable to foreign currency borrowings that have been taken out specifically for the acquisition, construction or production of qualifying assets, which are capitalised as part of the cost of those assets; and (ii) exchange difference arising from changes in carrying amount of available for sale foreign-currency monetary items other than changes in amortised cost, which is recognised in other comprehensive income.

Non-monetary items denominated in foreign currency that are measured in terms of historical cost are translated into the recording currency at the balance sheet date using the spot rate at the date of the transactions. Nonmonetary items denominated in foreign currency that are measured at fair value are translated into the recording currency using the spot rate on the date when fair value is determined and the resulting exchange differences will be recognised as changes in fair value (including a change of exchange rate) in profit or loss for the period or in other comprehensive income.

(3) Translation of foreign currency financial statements

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirements: The asset and liability items in the balance sheets are translated at the spot exchange rates on the balance sheet date. Under the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements are translated at the spot exchange rates of the transaction dates. Opening balance of undistributed profits is equal to the closing balance of undistributed profits after translation in last year; closing balance of undistributed profit is computed according to the items in profit distribution after translation. The exchange difference arising from translation of assets, liabilities and equity items is recognized as other comprehensive income. Such exchange difference in relation to the foreign operation as shown under shareholders' equity in the balance sheet will be reclassified to profit or loss for current period in full or on a pro rata basis when the foreign operation is disposed and leads to a loss of control.

The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately as an adjustment item in the cash flow statement.

The opening balances and the prior year's actual figures are presented as the balances after translation in the financial statements of last year.

All the translation differences in relation to the foreign operation as shown under shareholders' equity in balance sheet and attributable to owners' of the parent Company are reclassified into the profit & loss for the period, when the Group disposes all of offshore shareholders' equity, or ceases control over its overseas operations due to partial disposal of equity investment or other reasons.

The Group takes the exchange difference from its overseas operations related foreign currency reports into minority interests but not in the profit & loss for the period, when its shareholding declines but still remains control over the relative operations when disposing part of the equity investment or due to other reasons. Such exchange differences are taken into the current profit & loss on a pro rata basis when the share equity disposed are with the Group's associate or joint venture.

In case of foreign-currency monetary items that substantially constitute net investment in a foreign operation, the exchange difference arising from changes in exchange rate will be

recognised as other comprehensive income under the item "exchange difference" in consolidated financial statements; when the foreign operation is disposed, the exchange difference will be recognised in the profit or loss during the period of disposal.

11. Financial instruments

Financial instrument means a contract that forms the financial assets of one party and forms the financial liabilities or equity instruments of the other party. Determine a financial asset or financial liability when the Company becomes a party to the financial instrument contract.

Financial assets and financial liabilities are measured at fair value at the initial recognition:

① For financial assets and financial liabilities measured at fair value and whose changes are included in the current profit and loss, relevant transaction expenses are directly included in the current profit and loss; ② for other categories of financial assets and financial liabilities, related transaction expenses are included in the initial recognition amount. The subsequent measurement of financial assets and financial liabilities depends on their classification.

If financial assets or financial liabilities meet one of the following conditions, it indicates that the purpose of holding is transactional: ① The purpose of obtaining relevant financial assets or undertaking relevant financial liabilities is mainly for sale or repurchase in the near term; ② is part of the combination of identifiable financial instruments under centralized management and there is objective evidence of the actual short-term profit pattern in the near term; ③ is a derivative instrument except derivatives that meet the definition of financial guarantee contract and derivative instruments designated as effective hedging instruments.

(1) Debt instruments

Debt instrument refers to the instrument that meets the definition of financial liability from the perspective of the issuer. The classification and subsequent measurement of the debt instruments depends on the business model that the Company manages the financial assets, as well as the contractual cash flow characteristics of the financial assets. If it cannot pass the cash flow characteristics test, it shall be directly classified as financial assets measured at fair value and included in the current profit and loss; the classification depends on the business model of managing financial assets and whether they are designated as financial assets measured at fair value and whose changes are included in the current profit and loss.

① Measured at the amortized cost. The business model of the company to manage such financial assets is to charge the contract cash flow, and the contract cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date, only for the payment of the principal and outstanding principal amount, and does not specify such financial assets measured as fair value and its changes in the current profit and loss. The Company recognizes interest income on such financial assets in accordance with the real interest rate method. Gains or losses incurred by the termination of recognition and losses caused by impairment are directly recorded in the current profit and loss.

② Measured at fair value and its changes are included in other comprehensive income. The business model of the Company of such financial assets is for the cash flow of the contract and is consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount, while such financial assets are measured at fair value and their changes are included in the current profit and loss. Such financial assets are measured at fair value and their changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated in accordance with the real interest rate method are included in the current profits and losses. When such financial assets are not recognized, the change in fair value accumulated in other comprehensive income will be carried forward to the current profit and loss. Such financial assets are listed as other debt investments.

③ Measured at fair value and its changes are recorded in the current profit and loss. The company will hold debt instruments not divided by amortized cost and fair value and its changes in other comprehensive income, measured at fair value and its changes in the current profit and loss, classified as financial assets measured at fair value and its changes in the current profit and loss, listed as trading financial assets or other non-current financial assets.

(2) Equity instruments

Equity instrument refers to the instrument that meets the definition of equity instrument from the perspective of the issuer. Equity instrument investment are measured at fair value and their changes are included in the current profit and loss, and are listed as trading financial assets, except those designated by the management of the Company as measured at fair value and its changes are included in other comprehensive income. If designated as measured at fair value and included in the comprehensive income, it shall be listed as other equity instrument investment. Relevant changes in fair value shall not be carried forward to the current profit and loss, and the designation shall not be revoked once made. Related dividend income is included in the current profit and loss. No provision for impairment shall be made for the investment of other equity instruments. Upon the termination of recognition, the accumulated gains or losses previously included in the other comprehensive income shall be transferred out from the other comprehensive income and included in the retained income.

(3) Financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value and recorded in the current profit and loss.

Financial liabilities measured at fair value and whose changes are included in the current profit and loss, including transactional financial liabilities and financial liabilities designated as measured at fair value and whose changes are included in the profit and loss of the current period. When one of the following conditions is met, the financial liability may be designated as the financial liability measured at fair value and whose changes count into the current profit and loss: ① This designation can eliminate or significantly reduce accounting mismatch; ② manage and performance evaluate the financial liability portfolio or financial assets and financial liabilities based on fair value under the risk management or investment

strategy specified in the formal written document and report to the key management personnel on this basis. The designation, once made, shall not be revoked.

Designated as financial liabilities measured at fair value and changes included in the current profit and loss, the amount of changes in fair value caused by the Company's own credit risk shall be included in other comprehensive income; other changes in fair value shall be included in the current profit and loss. When the financial liability is not confirmed, the accumulated gains or losses previously included in the other comprehensive income shall be transferred out from the other comprehensive income and included in the retained earnings.

Other financial liabilities of the Company mainly include short-term borrowings. For such financial liabilities, the real interest rate method is adopted according to the amortized cost.

(4) Termination and recognition of financial assets and financial liabilities

If the financial assets meet one of the following conditions, they shall be terminated:

- ① Termination of the contractual right to collect the cash flow of the financial assets;
- ② The financial assets have been transferred, and the Company has transferred almost all the risks and remuneration in the ownership of the financial assets to the transferred party;
- ③ The financial asset has been transferred. Although the Company has neither transferred nor retained almost all the risks and rewards in the ownership of the financial asset, it has abandoned the control of the financial asset.

If the current obligation of the financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part of the financial liability).

(5) Impairment of financial instruments

The Company conducts accounting treatment for impairment of financial instruments and confirms the loss provision. Expected credit loss refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all expected cash flows, discounted at the original real interest rate, i. e., the present value of the total cash shortage.

The Company's method of measuring expected credit losses in financial instruments reflects the unbiased probability weighted average amount determined by evaluating a range of possible outcomes; the time value of money, and reasonable and informed information on past events, current conditions, and future economic forecasts available without unnecessary additional cost or effort on the balance sheet date. The Company determines the expected credit losses of the relevant financial instruments in the following manner:

- ① For financial assets, the credit loss is the present value of the difference between the contract cash flow of the Company and the expected cash flow to collect;
- ② For the lease receivables, the credit loss shall be the present value of the difference between the contract cash flow to be collected by the Company and the cash flow expected to be collected;
- ③ For the unutilized loan commitment, the credit loss is the present value of the difference between the contract cash flow collected by the Company and the expected cash flow collected by the Company when the holder of the loan commitment draws the corresponding loan. The Company's estimate of the expected credit loss of the loan commitment is consistent with its expectation of the use of the loan commitment;
- ④ For the financial security contract, the credit loss shall be the estimated amount of the difference between the Company and the amount of the amount that the Company expects to receive from the Contract Holder, the debtor or any other party;
- ⑤ For the financial assets whose credit impairment has occurred on the balance sheet date but is not purchased or derived, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original real interest rate.

For financial instruments purchased or derived without credit impairment, each balance sheet date shall consider reasonable and grounded information (including forward-looking information), evaluate whether the credit risk has been significantly increased after the initial recognition, and recognize the expected credit loss in accordance with the three stages respectively. If the credit risk does not significantly increase after the initial recognition, it is in the first stage and measured the loss preparation according to the expected credit loss of the financial instrument in the next 12 months; if the credit risk has significantly increased since the initial recognition, the measured loss preparation according to the expected credit loss of the entire duration of the financial instrument is in the second stage;

since the initial confirmation, the measured loss preparation is based on the expected credit loss of the entire duration of the financial instrument. For financial instruments in the first and second stages, interest income is calculated according to their book balance and real interest rate; for financial instruments in the third stage, interest income is calculated according to their amortized cost and real interest rate.

For the financial assets purchased or generated that have experienced credit impairment, only the cumulative change of the expected credit loss during the entire duration after the initial confirmation is recognized as loss preparation on the balance sheet date, and the interest income is calculated and determined in accordance with the amortized cost of the financial assets and the actual interest rate adjusted by credit.

The increase or reversal of loss provision is recorded as impairment loss or gain. For debt instruments held at fair value and whose changes are included in other comprehensive income, impairment losses or gains are included in the current profit and loss while adjusting other comprehensive income.

(6) Derivatives and embedded derivative tools

The company's derivatives mainly include HNA trust products. Derivatives are initially measured at the fair value on the date of signing the derivative contract and subsequently measured at their fair value. Gains or losses arising from changes in the fair value of the Company's derivatives shall be directly included in the current profits and losses.

Embedded derivatives refer to the derivatives embedded in the non-derivative tools (i. e., the master contract), and constitute a mixed contract with the master contract. If the master contract contained in the hybrid contract belongs to the assets regulated by the financial instrument criteria, the Company does not split and embed derivatives in the hybrid contract from the hybrid contract, but applies the relevant provisions of the financial instrument criteria on the classification of financial assets to the hybrid contract as a whole.

If the principal contract contained in the hybrid contract does not belong to the assets regulated by the financial instrument standards and meets the following

conditions, the Company shall split into the principal contract and embed the derivative instruments and treat them as separate derivatives:

- ① The economic characteristics and risks of embedded derivatives are not closely related to the economic characteristics and risks of the main contract;
- ② A separate tool with relevant terms to the embedded derivative meets the definition of a derivative;
- ③ The mixed contract is not measured at fair value and its changes are included in the current profit and loss for accounting treatment.

(7) The offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, and can currently enforce the legal rights, and the Company plans to net settle or simultaneously settle the financial assets and repay the financial liabilities, the financial assets and financial liabilities are shown in the balance sheet. In addition, financial assets and financial liabilities are listed separately in the balance sheet and are not offset.

(8) termination of the fair value of financial instruments

For financial instruments with an active market, their fair value is determined by the price at which an asset can receive or transfer an asset in an orderly transaction on the measurement date. Financial instruments with no active market, using valuation technology to determine their fair value. In valuation, the Company uses valuation technologies applicable in the current situation and supported by sufficient available data and other information, selects input values consistent with the asset or liability characteristics considered by market participants in the transaction of related assets or liabilities, and gives priority to the relevant observable input values whenever possible. Use unobservable input values where the relevant observable input values cannot be obtained or are impractical.

12. Confirmation standard and withdrawal method of bad debt provision for receivables

For Notes receivable, accounts receivable and other receivables, etc., regardless of whether there are significant financing components, the Company measures the loss preparation according to the expected credit loss of the entire duration. The criteria for the provision for Notes receivable of the other party, such as the money receivable from related parties; the receivables in dispute with the other party or involved in litigation or arbitration; and the receivables that the debtor may be unable to fulfill the repayment obligations.

When a single Note receivable and accounts receivable cannot obtain the information to evaluate the expected credit loss at a reasonable cost, the Company divides the Notes receivable, accounts receivable and other receivables into several combinations according to the credit risk characteristics, and calculates the expected credit loss on the basis of the combination.

For the Notes receivable divided into combinations, the Company calculates the expected credit loss based on the current situation and the forecast of the future economic situation of the Company through the default risk exposure and the expected credit loss rate of the entire duration. The basis for determining the combination is as follows:

Bill receivable portfolio 1 trade acceptance draft

Bill receivable portfolio 2 bank acceptance

Bill receivable portfolio 3 acceptance bill of finance company

For the receivables divided into combinations, the Company refers to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, prepares the comparison table of the receivables age and the expected credit loss rate of the whole duration and calculates the expected credit loss. The basis for determining the combination is as follows:

Receivables portfolio 1 This portfolio takes the age of receivables as the credit risk characteristic.

Receivables portfolio 2 At the parent Company level, the holding subsidiaries and other transactions are confirmed as risk-free, and bad debts are not withdrawn.

Other receivables portfolio 1 This portfolio takes the age of receivables as the credit risk feature.

Other receivables portfolio 2 At the parent Company, the holding subsidiaries and other transactions are confirmed as risk-free, and no bad debts.

13. Inventories

(1) Classifications of inventories

Inventories mainly include raw materials, work in progress, finished goods and goods in transit, etc.

(2) Costing of inventories

Inventories are recorded at actual costs on acquisition. Cost of inventories comprises purchase cost, processing cost and other costs. Cost for consuming and delivery of inventories is determined using the weighted average method.

(3) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. The assessment on the net realisable value of inventories shall be made based on concrete evidence obtained, the purpose of holding inventories and the effect of events subsequent to the balance sheet date.

On balance sheet date, inventories are stated at the lower of cost and net realisable value. Provision for decline in the value of inventories is made when the costs of the inventories are over their net realisable value. Amount of provision for decline in the value of inventories is determined at the excess amount of the cost of an inventory item over its net realisable value.

When an inventory is impaired, if the factors that give rise to the provision previously do not exist anymore which results in a net realizable value of the inventory higher than its book value, the original provision should be reversed and recognised in current profit or loss.

(4) The Group adopts the perpetual inventory system.

14. Contract assets and contract liabilities

Our Company presents contract assets or contract liabilities on the balance sheet based on the relationship between the fulfillment of performance obligations and customer payments. Contract assets represent our right to consideration for goods transferred to the customer, a right that is conditional on factors other than the passage of time. Contract liabilities are obligations to transfer goods to the customer for which we have received or are entitled to receive consideration from the customer.

On the balance sheet date, contract assets and contract liabilities under different contracts should be presented separately. For contract assets and contract liabilities under the same contract, the net amount should be presented. If the net amount is a debit balance, it should be presented as contract assets or other non-current assets based on its liquidity, and after deducting the closing balance of the contract asset impairment provision if any; if the net amount is a credit balance, it should be presented as contract liabilities or other non-current liabilities based on its liquidity.

15. Non-current assets or disposal groups held for sale

The Company will recover its book value by sale (including the exchange of non-monetary assets with commercial substance, the same below) rather than continuous use of a non-current asset or disposal group, and meet the following two conditions: (1) a non-current asset or disposal group can be sold immediately under the practice of selling such assets or disposal group in similar transactions; and (2) the Company has decided on the sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year.(If the relevant regulations require the approval of the relevant authorities or regulatory authorities, the approval has been obtained.)

Termination of operations means the component of the Company meeting one of the following conditions that has been disposed of or classified into the category of holding for sale: ① This component represents a separate major business or a separate major area of operation; ② this component is part of a related plan for the disposal of a separate major business or a separate major operating area; ③ the component is a subsidiary for resale.

The Company obtains non-current assets or disposition groups for resale that meet the specified conditions that the sale is expected to be completed within one year and in the short term (usually 3 months) is likely to meet the held for sale category on the acquisition date.

In the initial measurement or re-measurement on the balance sheet date, the book value is higher than the net after the fair value minus the sale expense, and the book value is written down to the fair value, the amount is recognized as asset impairment loss and included in the current profit and loss, and make provision for impairment of the assets held for sale. For holding for sale disposal group confirmed the asset impairment loss amount, first offset the book value of goodwill in the disposal group, then according to the

disposal of the accounting standards for enterprises no. 42-hold for non-current assets, disposal group and terminate the measurement of the book value of current assets, according to the proportion of the book value.

If the net value of the non-current assets held for sale on the subsequent balance sheet date increases minus the sale expense, the amount of the previous written down shall be restored and the amount of the impairment loss recognized after the category of held for sale, and the reversed amount shall be recorded into the current profit and loss. The impairment loss of assets recognized before the held for sale category will not be reversed.

If the fair value of the disposal group held for sale on the balance sheet date increases, the amount shall be restored before, and apply to the accounting Standards for Business Enterprises for Sale-non-current assets, disposal group and termination of operation within the amount of impairment loss recognized by the non-current assets, and the reversed amount into the current profit and loss. The deducted book value of the goodwill and the impairment loss of the non-current assets recognized by the-Unheld for Sale, Disposal Group and Terminated Operation shall not be reversed.

There is no depreciation or amortization of the non-current assets held for sale or the non-current assets in the disposal group, and the interest and other expenses of the liabilities in the disposal group held for sale continue to be recognized.

If the non-current assets or disposal group no longer meets the held-for-sale category, the Company measures (1) the carrying value before the held-for-sale category and the adjusted amount recognized for depreciation, amortization or impairment, which is assumed not to be held-for-sale category; (2) the recoverable amount.

When terminating the recognition of non-current assets or disposal group, the Company includes unrecognized gains or losses into the current profit or loss.

16. Long-term equity investments

Long-term equity investments in this section refer to those with which the Group exercises single or joint control over the invested entity, or has significant influence on its operation. Long-term equity investments falling out of this category are classified as financial assets at fair value through current profit or loss. In particular, if such long-term equity investments are non-transactional, the Group may choose to designate them as financial assets at fair value through other comprehensive income at initial recognition. For detailed accounting policy, please see Note 3.11 "Financial instruments".

Joint control refers to the shared control over an invested entity by the relative arrangement, and agreement must be reached by the control sharing parties before any activity under the arrangement. Significant influence refers to the right the Group has to join in the decision-making process for financial and business operation policies of the invested entity, while the Group is unable to control or share joint control with other parties over such decision makings.

(1) Recognition of cost of investment

For long-term equity investment resulting from business combination under common control, the Group regards the share of the book value of owner's equity of the merged enterprise in the ultimate controlling party's consolidated financial statements as the initial cost of such investment on the date of combination. The difference between the initial cost of the long-term equity investment, cash paid, non-cash assets transferred and the book value of debts assumed shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is by issuing equity securities, on the date of merger, the Group regards the share of the book value of owner's equity of the merged enterprise in the ultimate controlling party's consolidated financial statements as the initial cost of the long-term equity investment. Total face value of the stocks issued is regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. For a business combination realised by more transactions of exchange and ultimately under the same control, different accounting methods are adopted by the criteria of whether those transactions are classified as "a bundle of transactions" or not. If yes,

all exchange transactions are deemed as one transaction getting control of the invested entity and are dealt with the relative accounting method. If not, the Group regards the share of the book value of owner's equity of the merged enterprise in the ultimate controlling party's consolidated financial statements as the initial cost of the long-term equity investment on the date of combination. Difference between the initial cost of the long-term equity investment and the sum of book value of the long-term equity investment before combination and the book value of new consideration paid for the share in the invested entity on the date of combination shall offset against the capital reserve. If the capital reserve is insufficient, the retained earnings shall be adjusted. Equity investments acquired before the date of combination are not accounted for the period due to the fact that they are accounted by method of equity or are classified as financial assets at fair value through other comprehensive income.

For a long-term equity investment obtained through a business combination involving entities not under common control, the cost of business combination including the sum of assets paid by the acquirer, liabilities paid or undertaken and the fair value of equity securities issued is regarded as the initial cost of the long-term equity investment on the date of acquisition. For a business combination realised by more transactions of exchange and ultimately not under the same control, different accounting methods are adopted by the criteria of whether those transactions are classified as "a bundle of transactions" or not. If yes, all exchange transactions are deemed as one transaction getting control of the invested entity and are dealt with the relative accounting method. If not, the Group regards the sum of book value of the equity investment of the invested entity plus added cost of investment as the initial cost of the long-term equity investment accounted for using the cost method. For such book value of the equity investment that is accounted by method of equity, the relative other comprehensive income is not accounted for the period.

Transaction costs such as audit fee, legal service fee, consultancy fee and other intermediate expenses as well as other management fees incurred by the acquirer for the purpose of business combination are recognised in current profit or loss as incurred.

For long-term equity investments acquired other than through a business

combination, the investment shall be initially recognised at cost, and the cost of investment varies between different ways of acquisition, which is recognised based on the actual amount of cash consideration paid by the Group, fair value of equity instruments issued by the Group, value of investment contracts or agreement made, fair value or original carrying amount of non-monetary assets transferred or the fair value of the long-term equity investments, etc. The costs directly attributable to the acquisition of long-term equity investments, taxes and other necessary expenses are also included in the cost of investment. For long-term equity investment with significant influences, or enjoys joint control over the invested entity without constituting control by adding investment, its cost of investment is the sum of fair value of original equity investment plus newly added cost of investment, according to the regulations in "Accounting Standards for Business Enterprises No. 22 — Recognition and measurement of financial instruments".

(2) Methods for subsequent measurement and profit and loss recognition

The Group uses equity method for accounting of the long-term equity investment which enjoys joint control or significant influence over the invested entity, excepting co-undertakings. In addition, the financial statements on Company level use cost method to account for long-term equity investments with which the Group has control over the investee.

① Long-term equity investment accounted for using cost method

Long-term equity investments accounted for using the cost method are measured at the initial investment costs, and the cost of such investment shall be adjusted when investments are added or discontinued. Apart from the consideration paid for the acquisition of investment or cash dividend declared but not yet paid or appropriated profits included in the consideration, investment income for the period shall include cash dividend declared by the investee or appropriated profit recognised.

② Long-term equity investment accounted for using equity method

For long-term equity investment accounted for using equity method, where the

initial investment cost exceeds the Group's share of the fair value of the investee's net identifiable assets at the time of investment, the initial investment cost of the long-term equity investment will not be adjusted; where the initial investment cost is less than the Group's share of the fair value of the investee's net identifiable assets at the time of investment, the difference is included in current profit or loss and the cost of the long-term equity investment is adjusted accordingly.

For long-term equity investment accounted for using equity method, return on investment and other comprehensive income are recognised separately according to the share in the invested entity's net profit or loss and other comprehensive income, with the book value adjusted for the long-term equity investment by the Group. Book value of the long-term equity investment will be deducted according to the announced profit to be distributed by the invested entity or the share of cash dividend. Changes to shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the invested entity cause book value of long-term equity investment to be adjusted, and taken into capital reserve. The share of net profit or loss of the invested entity is recognised after adjustment of its net profit on the basis of fair value of all recognisable assets of the invested entity on acquisition. If the accounting policies and accounting periods of the invested entity are different from that of the Group, the invested entity's financial statements shall be adjusted according to the Group's accounting policies and accounting periods. Meanwhile return on investment and other comprehensive income are recognised accordingly. For transactions between the Group and its associates and joint ventures not constituting business transactions by transferring or selling assets, relative unrealised profit or loss on internal transactions attributable to the Group pro rata will be offset, and investment profit and loss will be recognised on such basis. However, if such unrealised loss on internal transactions is classified as loss on decline in value of the asset transferred, then the relative loss is not to be offset. Furthermore, if such assets transfer are classified as business transactions, fair value of the asset transferred is recognised as initial cost of investment of the newly added long-term equity investment, and the difference between initial cost of investment and book value of the asset transferred is taken in full amount into current profit or loss, if the investing party obtains long-term equity investment but not control over the invested entity. The difference between consideration of assets sold to associate or joint venture and book value of the transaction is taken in full amount into current profit or loss, if the transaction is

classified as a business transaction. If the assets purchased from associate and joint venture are classified as business transactions, then full amount of current profit or loss relating to the transaction is recognised, according to the regulations in "Accounting Standards for Business Enterprise No.20—Business Combination".

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the investee are reduced to zero. In addition, if the Group has an obligation to assume additional losses, expected liabilities shall be recognised according to the expected obligations and included in current investment losses. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

③ Acquisition of minority interest

When preparing consolidated financial statements, the difference between the increased long-term equity investment due to acquisition of minority interest of a subsidiary and the share of net asset of the subsidiary since the acquisition date (or combination date) calculated under the new ownership ratio shall be adjusted to the capital surplus, when capital surplus is insufficient, the excess shall be adjusted to retained profits.

④ Disposal of long-term equity investment

When preparing consolidated financial statements, when the parent Company disposes part of its long-term equity investment in its subsidiary without loss of control, the difference between the consideration received and the share of net assets of the subsidiary for the disposed portion of long-term equity investment shall be recognised in shareholders' equity; when the parent Company disposes part of its long-term equity investment in its subsidiary with loss of control, the accounting treatment should be in accordance with the accounting policies stated in Note IV.5(2) "Preparation method of consolidated financial statements".

For disposal of long-term equity investment in other situations, the difference between the considerations received and the carrying amount of the disposed

investment shall be recognised in current profit or loss.

For long-term equity investment accounted for using equity method, in case that the remaining equity after disposal is still accounted for using equity method, the other comprehensive income originally accounted into shareholders' equity will be accounted on the same basis as the invested entity while disposing relative asset or liability according to its proportion. Shareholders' equity recognised by the invested entity due to change to such item other than net profit or loss, other comprehensive income or profit distribution, will be accounted into current profit or loss proportionately.

For the remaining equity accounted with cost method after partial disposal, the same basis as the invested entity while disposing relative asset or liability will be used for the other comprehensive income recognised using equity method before the investment, or recognised by the regulations of financial instrument recognition and measurement, and such income will be transferred to current profit or loss proportionately. Changes to shareholders' equity in the net asset of invested entity recognized by equity method other than net profit or loss, other comprehensive income or profit distribution will be taken into current profit or loss.

For the remaining share equity after partial disposal which cause the Group to lose control over the invested entity, at the time of preparing individual financial statements, equity method will be used to account and adjust for the remaining share equity as if it were accounted by the same method upon acquisition, if such equity enables the Group to exercise joint control or significant influences over the invested entity. If not, the difference between fair value on the date of losing control and book value will be taken into current profit or loss, according to the regulations of financial instrument recognition and measurement.

For the other comprehensive income recognised by equity method or by financial instruments recognition and measurement before the Group took control of the invested entity, the same basis as the invested entity while disposing relative asset or liability will be adopted for accounting when the Group lost control over the investee, and changes to shareholders' equity in the net asset of invested entity recognised by equity method, other than net profit or loss, other comprehensive income and profit distribution will be carried forward to current profit or loss when

the Group lost control over the investee. Meanwhile, other comprehensive income and other shareholders' equity will be carried proportionately if the remaining share equity is accounted by equity method; and will be carried in full amount if the remaining share equity is accounted by financial instrument recognition and measurement.

The remaining share equity after partial disposal that cause the Group to lose joint control or significant influences over the invested entity is accounted by financial instrument recognition and measurement, and the difference between fair value of such equity on the date of losing control or significant influence and book value will be taken into the current profit or loss. Other comprehensive income recognized using equity method for the previous share equity investment will be accounted using the same basis as the invested entity while disposing the relative asset or liability when the equity method stops being adopted, and full amount of shareholders' equity recognised by changes to shareholders' equity other than net profit or loss, other comprehensive income or profit distribution of the invested entity will be taken into return on investment for the period when equity method stops being adopted.

When the Group loses control over the invested entity through more disposing transactions, if such transactions are classified as "a bundle of transactions", then they will be accounted as one transaction of control-losing asset disposal, difference between each amount of disposal and book value of relative long-term equity investment will be recognised as other comprehensive income first before the loss of control, and altogether will be taken into current profit or loss when the control is lost.

17. Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both. The Company's investment properties include leased land use rights, land use rights held and prepared for transfer after appreciation, and leased buildings.

The Company's investment properties are initially measured at cost at the time of acquisition. Subsequent expenditures related to investment properties are capitalized as part of the cost of the investment property if it is probable that economic benefits associated with the asset will flow to the Company and the cost can be reliably measured.

Other subsequent expenditures are recognized in profit or loss as they occur.

The Company's investment properties are measured subsequently using the cost model and are depreciated or amortized in accordance with the relevant provisions for fixed assets or intangible assets.

18. Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for producing goods, rendering of services, leasing out to other parties or administrative purposes, with useful life more than one accounting year. Fixed assets are recognized when future economic benefits that are associated with the fixed asset probably will flow to the Group and its cost can be measured reliably. The fixed assets are initially measured at cost by taking into account the effect of factors such as the expected disposal expenses.

(2) Depreciation for different categories of fixed assets

Depreciation starts from the month following the fixed asset is available for its intended use and is made using the straight-line method in the lifetime. The expected useful life, estimated net residual value, and the annual depreciation rates of different categories of fixed asset are as following:

Category	Depreciation method	Depreciable life (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-40	3	2.43-4.85
Machinery and equipment	Straight-line method	8-20	3	4.85-12.13
Motor vehicles and others	Straight-line method	6-17	3	5.71-16.17

Estimated net residual value represents the proceeds from disposal less cost of disposal of a fixed asset the Group can receive, assuming that the expected useful life of such asset has expired and the asset is in the condition expected to exist when its useful life expires.

The Group reviews life, estimated net residual value and method of depreciation of fixed asset at least once by end of the year, any changes in these issues are considered as changes to accounting estimates.

19. Construction in progress

The construction cost of our company's ongoing projects is determined based on actual project expenses, including necessary project expenses incurred during the construction period, borrowing costs that should be capitalized before the project reaches the predetermined usable state, and other related expenses.

The standards and timing for converting various types of construction projects in progress into fixed assets of our company are as follows:

Category	Standards and timing
Houses and buildings	Meet the acceptance standards for building installation
Machine equipment that needs to be debugged	After installation and debugging, it meets the design requirements or the standards specified in the contract

20. Borrowing costs

Borrowing costs include loan interests, discount or premium amortization, other supplementary costs and certain foreign exchange differences that occurred from the borrowings in foreign currencies. Borrowing costs incurred directly attributable to the acquisition and construction or production of a qualifying asset are capitalized when expenditures for the asset have been incurred, borrowing costs have been incurred and the activities relating to the acquisition and construction or production that are necessary to prepare the asset for its intended use have commenced. The capitalization ceases when the qualifying assets acquired, constructed or produced are ready for its intended use or at a state that is saleable. Other borrowing costs are recognized as expenses when incurred.

Borrowing costs arising from specific borrowings are capitalized after deducting any interest income earned from depositing the unused specific borrowings in the banks or any investment income arising on the temporary investment of those borrowings. For general borrowings, the amount of borrowing costs eligible for capitalization is determined by applying the capitalization rate of general borrowings to the weighted average of the excess amount of cumulative expenditures on the asset over the amount of specific borrowings. The capitalization rate is calculated based on the weighted average effective interest rate.

During the capitalization period, all exchange differences related to specific borrowings denominated in foreign currency are capitalized. Exchange differences related to general borrowings denominated in foreign currency are recognized in current profit or loss.

Qualifying assets represent fixed assets, investment properties, inventories and other assets that are required to be acquired, constructed or produced for a substantial period of time to get ready for their intended use or sale.

Capitalization of borrowing costs is suspended if the acquisition or construction or production of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition, construction or production is resumed.

21. Lease

Lease is a contract in which the lessor assigns the use of the assets to the lessee for a certain period to obtain consideration. On the commencement date of the contract, the Company evaluates whether the contract is a lease or contains a lease. If the other party transfers the right to control one or more of the identified assets for a certain period in exchange for consideration, the contract is a lease or contains a lease. The Company does not reassess whether the contract is a lease or includes a lease unless the terms and conditions of the contract change.

(1) The Company is the lessee

If the contract also contains multiple separate leases, the contract shall be split off and accounted for separately. If the contract contains both leased and non-leased parts, the leased and non-leased parts shall be split and the contract consideration shall be apportioned in the relative proportion of the separate prices of each leased part and the separate prices of the non-leased part. The lease term is an irrevocable period during which the Company has the right to use the leased assets.

① right to use assets

The right to use the assets refers to the Company's right to use the leased assets during the lease term. The leased assets of the Company mainly include hotel facilities and office space.

At the beginning date of the lease term, the Company makes the initial measurement of the use right assets according to the cost, including: A. Initial measurement amount of the lease liabilities; B. If the lease payment paid on or before the beginning date of the lease term exists, with the lease incentive, the amount related to the lease incentive shall be deducted; C. Initial direct expenses incurred; D. For the cost expected to remove and remove the leased assets, restore the leased assets to the site of the leased assets, or restore the leased assets to the state agreed in the lease terms, but occurring for the production inventory, the Accounting Standards for Business Enterprises No.1—Inventory shall apply.

After the beginning of the lease term, the Company adopts the cost mode to measure the use right assets, make a decision according to the expected realization of the economic benefits related to the use right assets, make depreciation of the use right assets by the straight line method, and make accounting treatment for the identified impairment losses. If the Company re-measures the lease liabilities in accordance with the relevant provisions of the lease standards, the book value of the assets with the right to use shall be adjusted accordingly.

② lease obligation

The lease liabilities reflect the present value of the lease payments not yet paid by the Company. The Company makes an initial measurement of the lease liabilities at the present value of the outstanding lease payments on the beginning date of the

lease term.

Lease payment refers to the amount paid by the Company to the lessor in relation to the right to use the leased assets during the lease term, including: A. Fixed payment amount and substantial fixed payment amount, if there is a lease incentive, the relevant amount of the lease incentive shall be deducted; B. Variable lease payments depending on the index or ratio, which are initially measured based on the index or ratio of the start date of the lease term; C. The Company reasonably determines that the exercise price of the purchase option will be exercised; D. The lease term reflects the amount required to exercise the termination option; E. Amount expected to be paid from the balance of the security provided by the Company.

When calculating the present value of the lease payment, the Company uses the lease interest rate as the discount rate; if the lease interest rate cannot be determined, the incremental borrowing rate as the discount rate considering the relevant factors.

The Company shall calculate the interest expense of the lease liabilities during each period of the lease term at a fixed periodic interest rate and include them in the current profit and loss, but shall be capitalized and included in the relevant asset costs.

When the purchase option, renew lease option, terminate the evaluation results of the lease option change, renew lease option, terminate the lease option actual exercise inconsistent with the original assessment results, according to the guarantee value expected payable amount changes, used to determine the lease payment index or ratio changes, or substantial fixed payment changes, to measure lease liabilities.

③ Changes to leases

When the lease change expands the scope of the lease by adding the right to use one or more of the leased assets, and the increased consideration is equivalent to the separate price of the extended part of the lease scope according to the contract situation, the lease change shall be treated as a separate lease. If it is not treated as a separate lease, the consideration of the modified contract shall be apportioned, the lease term shall be redetermined and the lease liabilities shall be remeasured.

④ Short-term leasing and low-value asset leasing

The Company will recognize the lease within 12 months at the beginning of the

lease term; the lease with a value of RMB40,000 shall be recognized as a low-value asset lease. If the Company sublet or expects to sublet the leased assets, the original lease shall not be recognized as a low-value asset lease. The Company does not recognize the short-term lease and low-value asset lease assets and lease liabilities, and includes the amount of the lease payment into the relevant asset cost or current profit and loss according to the straight line method or other systematic reasonable methods during the lease period.

⑤ After-sale and leaseback transaction

For the after-sale and leaseback transaction, the Company shall, in accordance with the provisions of the Accounting Standards for Business Enterprises No.14 — Income, evaluate and determine whether the assets transferred in the after-sale and leaseback transaction belong to the sale and confirm the profits and losses; the relevant gains or losses shall be confirmed, and a financial liability of equivalent to the transfer income.

(2) The Company shall be the lessor

On the commencement date of the lease, the Company divides the lease into financial lease and operating lease, which essentially transfers almost all the risks and rewards related to the ownership of the leased assets to the lease into financial lease, in addition to the operating lease. When the Company is the sublease lessor, the transfer lease is classified based on the use right assets generated by the original lease.

① finance lease

On the beginning date of the lease term, the Company confirms the finance lease payment receivable for the finance lease and terminates the recognition of the finance lease assets. In the initial measurement of the finance lease receivable, the net lease investment shall be taken as the entry value of the finance lease receivable. The net lease investment shall be the sum of the present value of the unsecured surplus and the lease receipts discounted at the included interest rate of the lease term.

The amount of lease collection means the amount collected by the Company from the lessee for the transfer of the right to use the leased assets during the lease term, including: A. For the fixed payment amount, the relevant amount of the lease

incentive shall be deducted; B. Variable lease payments depending on the index or ratio; C. The exercise price of the purchase option, provided that it is reasonably determined that the lessee will exercise the option; D. Payment by the lessee to exercise the termination option, provided the lease term reflects that the lessee will exercise the termination option; E. The residual value of the guarantee provided to the Company by the lessee, the party related with the lessee and an independent third party with the economic ability to perform the security obligations.

The Company calculates and recognizes interest income for each period of the lease term at fixed periodic interest rates. Variable lease payments obtained by the Company and not included in the net lease investment measurement shall be recorded in the current profit and loss upon actual occurrence.

②operation lease

During each period of the lease term, the Company adopts the straight line method to recognize the lease collection amount of the operating lease as rental income. Variable lease payments not included in the lease receipts shall be recorded in the current profit and loss upon actual occurrence.

In case of any change in the operating lease, the Company shall treat it as a new lease from the effective date of the change, and the amount received in advance or receivable related to the lease before the change shall be regarded as the amount received by the new lease.

(3) After-sale and leaseback transaction

For the sale and leaseback transaction, the Company evaluates in accordance with Accounting Standards for Enterprises No.14 — Income, the asset purchase and disposal according to the applicable accounting standards; not for sale, the transferred asset is not confirmed, but a financial asset equal to the transfer income.

22. Intangible assets

The intangible assets of our company are initially measured at cost and analyzed to determine their useful life upon acquisition. For intangible assets with a limited useful life, the amortization method that reflects the expected realization of economic benefits related to the asset shall be adopted from the time when the intangible asset is available for use, and shall be amortized within the expected useful life; If the expected implementation method cannot be reliably determined, the straight-line method shall be used for amortization; Intangible assets with uncertain useful lives are not amortized.

The service life of intangible assets with limited useful life is as follows:

Category	Service life	Confirmation basis	Amortization method
land use right	50 years	contract for assignment of the right to the use of land	Straight-line amortization expense
computer software	3 years	Purchase Agreement	Straight-line amortization expense

At the end of each fiscal year, our company reviews the useful life and amortization method of intangible assets with limited useful life. If there are differences from previous estimates, the original estimates are adjusted and treated as accounting estimate changes.

If the company expects that a certain intangible asset will no longer bring future economic benefits to the enterprise at the end of the period, the book value of the intangible asset will be fully transferred to the current period's profit and loss.

23. Research and development expenses

Our company's research and development expenses include R&D personnel salaries, outsourcing cooperation R&D commission fees, material costs, R&D asset depreciation and amortization expenses, inspection fees, and other related expenses.

Our company divides the expenses for internal research and development projects into research stage expenses and development stage expenses. The expenses incurred during the research phase are recognized in the current period's profit and loss.

Expenditures during the development phase can only be capitalized if they meet the

following conditions: completing the intangible asset to make it technically feasible for use or sale; Having the intention to complete the intangible asset and use or sell it; The ways in which intangible assets generate economic benefits include being able to prove the existence of a market for the products produced using the intangible assets or the existence of a market for the intangible assets themselves. If the intangible assets will be used internally, their usefulness can be proven; Having sufficient technical, financial, and other resources to support the development of the intangible asset, and having the ability to use or sell the intangible asset; The expenses attributable to the development stage of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are included in the current period's profit and loss.

After meeting the above conditions and conducting technical and economic feasibility studies, our company's corresponding projects will enter the development stage after being approved.

24. Long-term deferred expenses

The long-term deferred expenses incurred by our company are valued at actual cost and amortized evenly over the expected benefit period. For long-term deferred expense items that cannot benefit future accounting periods, their amortized value is fully recognized in the current period's profit and loss.

25. Impairment of long-term assets

At balance sheet date, the Group will assess whether there are any indications of impairment on non-current and non-financial assets such as fixed assets, construction in progress, intangible asset with finite useful life, investment properties accounted for using cost model, long-term equity investments in subsidiaries, joint ventures and associates. If any indication that an asset may be impaired exists, the recoverable amount of the asset will be estimated and impairment test will be performed. Impairment test will be performed on goodwill, intangible asset with infinite useful life and intangible asset which are not yet ready for use each year, regardless of whether any indications for impairment exist.

If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell

and the present value of the future cash flows expected to be derived from the asset. Fair value of an asset is determined based on the transaction amount in arm's length transaction; when there are no transactions but an active market for the asset, the fair value is determined based on the bid price in the market; when there are no transactions and active market for the asset, the fair value is estimated based on the best information available. Costs to sell include legal fee, taxes, logistics charges and other expenses that incurred directly to bring the asset to saleable condition in relation to disposal of assets. Present value of the future cash flows expected to be derived from the asset is calculated by discounting the expected future cash flows from continuous use of the asset and disposal of the asset using an appropriate discount rate. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

When the impairment test on goodwill that is separately presented in the financial statements is performed, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

26. Employee compensation

The Company's employee compensation mainly includes short-term employee compensation, post-resignation benefits, dismissal benefits and other long-term employee benefits.among:

Short-term salary mainly includes salary, bonus, allowance and subsidy, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, trade union funds and employee education funds, non-monetary welfare, etc. During the accounting period, the actual short-term employee compensation is recognized by the Company as liabilities and included in the current profit and loss or related asset costs. Non-monetary benefits are measured at fair value.

Post-resignation benefits mainly include basic endowment insurance, unemployment insurance and annuity. The post-resignation benefit plan includes setting up an escrow plan. If the set escrow plan is adopted, the corresponding payable amount shall be recorded into the relevant asset cost or current profit or loss at the time of occurrence.

Before the worker labor contract expires with the worker, or to encourage employees to voluntarily accept the compensation, when the Company cannot unilaterally withdraw the dismissal benefits provided by the labor relationship plan or reduction proposal, and the Company confirmed and involves pay dismiss welfare restructuring cost of both, confirm dismissal benefits of employee compensation liabilities, and included in the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employees.

The employee internal retirement plan adopts the same principle as the above dismissal benefits. The Company will pay the salary of the returned personnel and the social insurance premiums paid from the period of the normal retirement date into the current profit and loss (dismissal welfare) when the expected liability recognition conditions are met.

If other long-term employee benefits provided by the Company to employees conform to the deposit plan, accounting treatment shall be conducted according to the deposit plan, and accounting treatment shall be conducted according to the benefit plan.

27. Aanticipation liabilities

If an obligation related to the contingency is met when: (1) the obligation is a current obligation of the Company; (2) the performance of the obligation is likely to cause an outflow of economic benefits; and (3) the amount of the obligation can be reliably measured.

The projected liabilities are initially measured at the best estimate of the expenditures required to meet the relevant current obligations, taking into account the risks, uncertainties and monetary time value of the contingent matters. Where the time value of the currency is significant, the best estimate shall be determined by discounted the relevant future cash outflow.

If all or part of the expenditure is expected to be compensated by a third party or any other party, the amount of compensation can only be recognized separately as an asset when it is basically confirmed. The recognized compensation amount shall not exceed the carrying value of the recognized liability.

28. Revenue recognition

Income is the total inflow of economic benefits formed in the daily activities of the Company that will lead to the increase of shareholders' equity and is unrelated to the capital invested by shareholders. The contract between the Company and the Customer recognizes the income when the Customer obtains the control of the relevant commodities (including services, the same below): The parties have approved the contract and undertake to perform the respective obligations; the contract specifies the rights and obligations of the same parties; the contract has clear payment terms related to the transferred commodities; the contract will change the risk, time distribution or amount of the Company for the transfer of the commodities to the Customer. Among them, obtaining the control of the relevant commodity refers to the ability to dominate the use of the commodity and obtain almost all the economic benefits from it.

On the commencement date of the Contract, the Company identifies the individual performance obligations existing in the Contract and allocates the transaction price to each individual performance obligation in relative proportion to the separate selling price of the goods promised under each individual performance obligation. The influence of variable consideration, significant financing components existing in the contract, non-cash consideration, payable customer consideration and other factors are considered in determining the transaction price.

For each individual performance obligation in the Contract, if one of the following conditions is met, the Company will share to the transaction price according to the performance schedule as the income during the performance of the Company; the Customer can control the commodities under construction during the performance of the Company; the commodities produced during the performance of the Company have irreplaceable use, and the Company has the right to collect payment for the completed performance during the whole contract period.

The performance progress shall be determined by the input method or the output method according to the nature of the transferred commodities. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company shall recognize the revenue at the transaction price apportioned to the individual performance obligation at the point when the customer obtains control of the relevant commodity obligation. The Company considers the following indications that the customer has the control of the commodity.

If the Company can control the commodity before transferring the customer, the income shall be recognized on the total consideration received or receivable; otherwise, the agent for the amount of commission or commission which it is entitled to collect.

Specific revenue recognition principle: ① Closed bus product sales: closed bus product sales in the delivery and completion of acceptance revenue recognition. ② Hotel catering and accommodation industry income: providing accommodation and catering business revenue shall be confirmed on the day after the completion of catering services.

If the Company is expected to recover the incremental cost incurred by acquiring the contract, it shall be recognized as an asset as the contract acquisition cost.

If costs incurred for the performance of the contract are not within the scope of BIS other than thus No.14 — Revenue (2017 Revision) and meet the following conditions, the contract performance cost is recognized as an asset: ① the cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar expenses), explicit costs borne by the Customer and other costs incurred solely by the contract; ② the cost increases the Company's future resources for performance obligations; ③ the cost is expected to be recovered.

The assets related to the contract cost are amortized on the same basis as the recognition of the assets and recorded into the current profit and loss.

If the book value of the asset is higher than the difference of the following two items, the excess provision for impairment is made and recognized as the asset impairment loss: ① the remaining consideration expected to be obtained from the transfer of the goods related to the asset; ② is the estimated cost to be incurred in the transfer of the related goods. If the impairment factors in the previous period change later and the difference between ①

and ② in the preceding paragraph is higher than the book value of the asset, the original asset impairment provision is reversed and included into the current profit and loss, but the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that the impairment provision is made.

29. Government grants

Government subsidy refers to the Company obtaining monetary assets or non-monetary assets from the government, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. If the government subsidies are monetary assets, they shall be measured according to the amount received or receivable. Where government subsidies are non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained reliably, they shall be measured at the nominal amount. The government subsidies measured in accordance with the nominal amount shall be directly recorded into the current profit and loss.

Government subsidies can only be confirmed when the Company can meet the conditions of government subsidies and receive government subsidies.

Government subsidies are divided into asset-related government subsidies and income-related government subsidies. The government subsidy related to assets refers to the government subsidy obtained by the Company for purchase and construction or otherwise forming long-term assets. Government subsidies related to income refer to government subsidies in addition to government subsidies related to assets.

Government subsidies related to assets shall adopt the total amount method to confirm them as deferred income, and the relevant assets in the relevant assets are sold, transferred, scrapped or damaged before the end of the service life shall be transferred into the current balance, the book balance of the deferred benefits shall be reduced, and the excess part shall be recorded into the current profit and loss.

For the government subsidies including both asset-related parts and income-related parts, different parts are differentiated for accounting treatment; difficult to distinguish, the whole is classified as government subsidies related to income.

The government subsidies related to the daily activities of the Company shall be included in other benefits or offset related costs according to the essence of the economic business.

Government subsidies unrelated to the Company's daily activities shall be included in the non-operating income and expenditure.

30. Deferred income tax assets/deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for the adjustment of goodwill arising from business mergers or deferred income tax related to transactions or events directly recognized in owner's equity, which are recognized in owner's equity, they are all recognized as income tax expenses in the current period's profit and loss.

Current income tax is the amount of income tax payable for the current period calculated based on the taxable income for the current period. The taxable income is obtained by adjusting the pre tax accounting profit for the current year in accordance with relevant tax laws and regulations. Our company recognizes deferred income tax using the balance sheet liability method based on temporary differences between the book value of assets and liabilities on the balance sheet date and the tax base.

All taxable temporary differences are recognized as deferred tax liabilities, unless the taxable temporary difference arises from the following transactions: (1) initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions that are not a business combination and do not affect accounting profits or taxable income at the time of the transaction; (2) For taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, the timing of the reversal of such temporary differences can be controlled and it is highly likely that they will not reverse in the foreseeable future.

For deductible temporary differences, deductible losses, and tax deductions that can be carried forward to future years, the Company recognizes deferred income tax assets to the extent that it is likely to obtain future taxable income to offset the deductible temporary differences, deductible losses, and tax deductions, unless the deductible temporary differences arise from the following transactions: (1) the transaction is not a business combination and does not affect accounting profits or taxable income at the time of the transaction; (2) For deductible temporary differences related to investments in subsidiaries, joint ventures, and associated enterprises, corresponding deferred tax assets shall be recognized if the following conditions are met: the temporary differences

are likely to reverse in the foreseeable future, and the taxable income that can be used to offset the deductible temporary differences is likely to be obtained in the future.

For individual transactions that do not affect accounting profits or taxable income (or deductible losses) at the time of business merger or transaction, and result in equal taxable temporary differences and deductible temporary differences due to the initial recognition of assets and liabilities, the corresponding deferred income tax liabilities and deferred income tax assets shall be recognized at the time of transaction for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities.

On the balance sheet date, the Company measures deferred tax assets and deferred tax liabilities at the applicable tax rate during the expected period of asset recovery or liability settlement, and reflects the income tax impact of the expected method of asset recovery or liability settlement on the balance sheet date.

On the balance sheet date, the Company reviews the carrying amount of deferred tax assets. If it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets shall be reduced. When it is likely to obtain sufficient taxable income, the reduced amount shall be reversed.

31. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting policies

① According to the Interpretation No. 18 of the Enterprise Accounting Standards issued by the Ministry of Political Affairs on December 6, 2024, for the estimated liabilities arising from quality assurance that do not belong to individual performance obligations, they should be included in the "main business costs", "other business costs" and other accounts according to the determined amount. According to this regulation, implementing its provisions has no impact on the company's financial statements.

② Our company will implement the relevant provisions of Interpretation No. 17 of the Enterprise Accounting Standards issued by the Ministry of Finance from January 1, 2024, and its implementation will have no impact on the company's financial statements.

(2) Changes in accounting estimates

The Group made no changes in accounting estimates during the year.

IV.Tax

1. Major types of tax and tax rates

Type of tax	Tax base and tax rate
Value-added tax (VAT)	13% and 6% on taxable revenue after offsetting deductible input VAT
City maintenance and construction tax	7% on amount of turnover tax paid
Education surcharge	3% on amount of turnover tax paid
Local education surcharge	2% on amount of turnover tax paid
Enterprise income tax	25%/15% on taxable income

The subsidiary of the company, Fuxin Busbar, was recognized as a high-tech enterprise on September 15, 2020, with a validity period of three years, expiring on September 15, 2023; On November 29, 2023, the enterprise was re recognized as a national high-tech enterprise, valid until November 29, 2026. The income tax rate for this year is 15%.

2. Other instructions

- (1) The subsidiary of the company, Northeast Electric Development (Hong Kong) Co., Ltd., is a wholly-owned subsidiary registered and established in the Hong Kong Special Administrative Region of China. The profit tax rate is 8.25% for profits not exceeding RMB2 million, and profits exceeding it will continue to be taxed at 16.5%.
- (2) Great Talent Technology Limited is a wholly-owned subsidiary registered in BVI and no enterprise income tax is imposed on it.

V. Notes to Items in Consolidated Financial Statements

Unless otherwise specified, the following annotation items refer to [January 1 2025] at the beginning of the period, [June 30 2025] at the end of the period, June 2025 for this period, and June 2024 for the previous period.

1. Cash and equivalents

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Cash on hand	77,103.36	77,302.60
Bank deposits	8,213,074.29	15,137,240.35
Other cash and equivalents	2,502,053.55	3,620,035.99
Total	10,792,231.20	18,834,578.94
Including: Total overseas deposits	432,704.35	440,716.26
Store funds for the financial Company		

Notes: As of June 30, 2025, the total restricted funds of our company are RMB2,502,053.55, including a performance bond deposit of RMB2,490,049.58; The amount frozen by the judiciary is RMB12,003.97.

2. Bill receivable

(1) Disclosure by aging

Unit: RMB

Item	Balance at end of year		
	Carrying amount	Provision for bad deb	Book value
Bank acceptance bill			
Commercial Acceptance Notes			
Total	0.00		0.00

Item	Balance at beginning of year		
	Carrying amount	Provision for bad deb	Book value
Bank acceptance bill	20,000.00		20,000.00
Commercial Acceptance Notes			
Total	20,000.00		20,000.00

(2) Accounts receivable that have been endorsed or discounted by the Company at the end of the period and have not yet matured on the balance sheet date:

Unit: RMB

Item	End of term termination amount	End of term non terminated amount
Bank acceptance bill	20,000.00	0.00
Commercial Acceptance Notes		
Total	20,000.00	0.00

3. Accounts receivable

(1) Accounts Receivable Classification Disclosure

Unit: RMB

Item	Balance at endof year			Balance at beginningof year		
	Carrying amount	Provision for bad debt	Book value	Carrying amount	Provision for bad	Book value
Accounts receivable	52,635,156.26	7,453,297.27	45,181,858.99	42,425,542.24	7,623,535.21	34,802,007.03
Total	52,635,156.26	7,453,297.27	45,181,858.99	42,425,542.24	7,623,535.21	34,802,007.03

(2) Provisions for bad debts

Our company measures loss provisions for accounts receivable, regardless of whether there is a significant financing component, based on the expected credit loss for the entire duration.

①On June 30, 2025, combination 1 accrues for bad debt provision:

Unit: RMB

Item	Carrying amount	Percentage of provision %	Provision for bad debt
Within 1 year (inclusive)	29,635,764.70	2.61	772,053.13
1 – 2 years (inclusive)	9,719,548.57	6.78	658,671.38
2 – 3 years (inclusive)	6,520,548.22	24.09	1,570,714.30
3 – 4 years (inclusive)	5,061,592.98	54.84	2,775,583.48
Over 4 years	1,697,701.79	98.74	1,676,274.98
Total	52,635,156.26		7,453,297.27

(3) Changes in bad debt provision

Unit: RMB

Item	Balance at beginning of year	Provision	Reduce reasons			Balance at end of year
			Retrieval or reversal	Write-off	Other changes	
Provision for bad debts	7,623,535.21		170,237.94			7,453,297.27

(4) Top five accounts receivable by debtor at the end of the year

Unit: RMB

Item	Balance at beginning of year	Contract assets	Total	Accounting duration	Percentage of provision (%)	Provision for bad debt
Northwest Electric Power Design Institute Co., Ltd.	8,038,774.00		8,038,774.00	1-2 年	19	138,628.86
Huadian Longkou Power Generation Co., Ltd.	6,111,000.00		6,111,000.00	1 年以内	14	335,988.00
PuErFeiTe investment Management	5,355,461.00		5,355,461.00	1-2 年	12	
Urban Environmental Protection Co., Ltd.	4,215,093.75		4,215,093.75	1-2 年	10	387,236.80
Chang'an Yiyang Power Generation Co., Ltd.	2,896,560.00		2,896,560.00	1-2 年	7	63,166.35
Total	26,616,888.75	0.00	26,616,888.75		62	925,020.01

4. Prepayments

(1) Prepayments by aging

Unit: RMB

Aging	Balance at end of year		Balance at beginning of year	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,493,728.82	93.3	3,306,751.04	93.5
1-2 years	23,076.00	0.86	44,519.10	1.25
2-3 years	8,179.62	0.31	37,824.34	1.07
Over 3 years	147,674.80	5.53	147,674.80	4.18
Total	2,672,659.24	100	3,536,769.28	100

(2) Top five prepayments by supplier based on balance at the end of the year

Unit: RMB

Item	Related party situation	Amount	Percentage %	Accounting duration	Reason for non settlement
Zhenjiang Xuli Electric Co., Ltd	Non related parties	403,410.00	15	Within 1 year	Not yet due for settlement period
Da Lian State Grid	Non related parties	151,357.40	6	Within 1 year	Not yet due for settlement period
Hang Zhou Lv Yun Software Co., Ltd.	Non related parties	78,750.00	3	Within 1 year	Not yet due for settlement period
State Grid Liaoning Electric Power Co., Ltd. Fuxin Power Supply Company	Non related parties	71,456.73	3	Within 1 year	Not yet due for settlement period
Da Lian Hua Run Natural Gas Co., Ltd.	Non related parties	55,234.63	2	Within 1 year	Not yet due for settlement period
Total		760,208.76	29		

5. Other receivables

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Interest receivable		
Dividends receivable		
Other receivables	10,146,812.09	12,278,565.80
Total	10,146,812.09	12,278,565.80

(1) Other receivables

Unit: RMB

Item	Balance at end of year			Balance at beginning of year		
	Carrying amount	Provision for bad debt	Book value	Carrying amount	Provision for bad debt	Book value
Other receivables	93,119,019.82	82,972,207.73	10,146,812.09	95,250,773.53	82,972,207.73	12,278,565.80
Total	93,119,019.82	82,972,207.73	10,146,812.09	95,250,773.53	82,972,207.73	12,278,565.80

① Provision for bad debt

A. On June 30, 2025, bad debt provisions for other receivables in the first stage

Unit: RMB

Item	Carrying amount	Expected credit loss over the next 12 months	Provisions for bad debt	Reason
Combined accrual				
Combination 1	11,950,111.73	15.03%	1,803,299.64	Recyclability
Total	11,950,111.73	15.03%	1,803,299.64	

B. As of June 30, 2025, the allowance for doubtful accounts for other receivables at the third stage is as follows.

Unit: RMB

Item	Carrying amount	Expected credit loss over the next 12 months	Provisions for bad debt	Reason
Combined accrual				
Combination 1	81,168,908.09	100.00%	81,168,908.09	Recyclability
Total	81,168,908.09	100.00%	81,168,908.09	

② Change in allowance for bad debts

Unit: RMB

Provisions for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Lifetime expected credit losses (not credit impaired loans)	Lifetime expected credit losses (credit-impaired loans)	
Balance at beginning of year	1,803,299.64		81,168,908.09	82,972,207.73
Balance at beginning of year				
—Transferred to Phase I				
—Transferred to Phase II				
—Transferred to Phase III				
Provision for the year				
Reversal for the year				
Written-off for the year				
Charge off for the year				
Other changes				
Balance at end of year	1,803,299.64		81,168,908.09	82,972,207.73

③ Classification by nature of the amount

Unit: RMB

Nature of the amount	Amount at end of year	Amount at beginning of year
Litigation from Benxi Iron & Steel (Group) Co., Ltd.	76,090,000.00	76,090,000.00
Deposits and deposits	2,381,675.96	3,004,033.50
Current payments and others	14,647,343.86	16,156,740.03
Total	93,119,019.82	95,250,773.53
Subtract: Provisions for bad debt	82,972,207.73	82,972,207.73
Total	10,146,812.09	12,278,565.80

④ Top five other receivables by debtor at the end of the year

Unit: RMB

Name of Company	Related parties	Nature of accounts	Balance at end of year	Aging	Percentage in total balance of other receivables at end of year (%)	Balance of provisions for bad debt at end of year
Litigation from Benxi Iron & Steel (Group) Co., Ltd.	No	Litigation funds	76,090,000.00	Over 5 years	81.67	76,090,000.00
Debt transfer accounts receivable package	No	current account transactions	2,807,140.00	Over 5 years	3.01	2,807,140.00
SUNTIME(Liaoning) PRECISION Equipment Co., Ltd.	No	current account transactions	600,000.00	Over 5 years	0.64	600,000.00
Jilin Tourism Group Co., Ltd. Zijinghua Restaurant	Yes	Receivables and deposits	1,117,047.84	Over 5 years	1.2	1,117,047.84
Dalian Yangtze River Plaza Co., Ltd. JAL Hotel	Yes	current account transactions	4,533,682.70	Within 1 year, 1-2 years, 2-3 years	4.87	1,300,593.99
Total			85,147,870.54		91.39	81,914,781.83

Note 1:

The principal owed from Benxi Iron & Steel (Group) Co., Ltd. (hereinafter referred to as "Benxi Steel") of RMB76,090,000 is included in other receivables, which occurred in May and September 2005, by Liaoning Trust & Investment Co., Ltd. (hereinafter referred to as "Liao Trust") repaying principals of RMB74,424,671.45 deposited with them by the Company with their receivables from Benxi Steel of RMB76,090,000 by the approval from related governments in Liaoning Province. The Company has taken receivables from Benxi Steel into other receivables, and surplus to the original deposit has been taken into provision for bad debt. On 16 December 2005, Liaoning High People's Court made final ruling (2005) Liao Min Er Zhong Zi No. 220, that Benxi Steel had owed the Company RMB15,900,000 and related interest. The Company had applied for enforcement. As a result, Shenyang Municipal Intermediate People's Court established the case and delivered Enforcement Notice to Benxi Steel on 10 March 2006. On 30 March 2006, the Shenyang Municipal Intermediate People's Court made first ruling concerning the remaining principals by Rulings (2005) Shen Zhong Min Si He Chu Zi No. 21, 22 and 23, that Benxi Steel should repay the Company principal of RMB60,190,000 and related interest.

On 30 April 2006, Benxi Steel appealed to Liaoning High People's Court. On 14 May 2008, Liaoning High People's Court ordered retry of the case to Shenyang Municipal Intermediate People's Court by Rulings (2006) Liao Min Er Zhong Zi No. 214, 215, 216, repealing Rulings (2005) Shen Zhong Min Si He Chu Zi No. 21, 23, 22 by the latter People's Court. On 9 June 2009, Shenyang Municipal Intermediate People's Court

refuted the Company's case by rulings (2008) Shen Zhong Min Si Chu Zi No. 143, 144 and 145, and the Company appealed to Liaoning High People's Court. On 26 October and 29 October 2009, the Liaoning High People's Court made final rulings (2009) Liao Min Er Zhong Zi No. 182, Notes to the financial statements Court made Civil Rulings (2010) Min Shen Zi No. 1144, 1145 and 1146 on 13 December 2010, overruling retrial appeal of the Company. Since other receivables are long outstanding and the chance of recovery is remote, the Company has made a provision for bad debt in full for such other receivables.

6. Inventories

(1) Classification of inventories

Unit: RMB

Item	Balance at end of year		
	Carrying amount	Allowance for impairment of	Book value
Raw material	16,712,158.62		16,712,158.62
Work in progress	8,456,603.84		8,456,603.84
Finished goods	5,927,756.85		5,927,756.85
Release products			-
Total	31,096,519.31	0.00	31,096,519.31

Unit: RMB

Item	Balance at beginning of year		
	Carrying amount	Allowance for impairment of	Book value
Raw material	10,934,503.07		10,934,503.07
Work in progress	6 925 887.50		6 925 887.50
Finished goods	3,470,386.87		3,470,386.87
Release products	11,228,854.06		11,228,854.06
Total	32,559,631.50	0.00	32,559,631.50

(2) Allowance for impairment of inventories

After testing, there is no provision for inventory depreciation.

7. Contract assets

Unit: RMB

	Balance at end of year	Balance at beginning of year

	Balance at end of year	Balance at beginning of year
Contract assets	7,763,794.29	8,096,456.76
Subtract: Provision for impairment	137,788.43	137,788.43
Total	7,626,005.86	7,958,668.33
Subtract: Portion of other non-current assets		
—— Carrying amount		
—— Allowance for impairment of		
Total	7,626,005.86	7,958,668.33

Regardless of whether there is a significant financing component in the contract assets, our Company measures the loss provision based on the expected credit loss throughout the entire existence period. On June 30, 2025, the contract assets with provision for impairment are as follows:

① Contract assets subject to provision for impairment:

Unit: RMB

category	Carrying amount	Lifetime expected credit losses	Provisions for bad debt	Reason
Combined accrual:	7,763,794.29	1.77	137,788.43	Expected credit loss
Combination 1	7,763,794.29	1.77	137,788.43	

8. Other current assets

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Prepaid and deductible input VAT	729,035.18	958,221.07
Total	729,035.18	958,221.07

9. Long-term equity investments

Unit: RMB

Investee	Balance at beginning of	Increase/decrease during the year
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		Increase in investment	Decrease in investment	Profit or loss for investment under equity method	Adjustment to OCI	Other changes to equity
Joint ventures						
Weida High Voltage Electrical Co., Ltd. (Note 2)	56,603,237.37					
Total	56,603,237.37					

Unit: RMB

Investee	Increase/decrease during the year			Balance at end of year	Balance of provision for impairment at end of year
	Cash dividend or Profit declared	Provision for impairment	Others		
Joint ventures					
Great Power Technology Limited ("Great Power") (Note 2)				56,603,237.37	56,603,237.37
Total				56,603,237.37	56,603,237.37

(1) Provisions for bad debt

Unit: RMB

Investee	Balance at beginning of year	Increase	Reduce	Balance at end of year
Joint ventures				
Great Power Technology Limited ("Great Power") (Note 2)	56,603,237.37			56,603,237.37
Total	56,603,237.37			56,603,237.37

Note 1: Great Power Technology Limited. is a non-listed Company established in the British Virgin Islands. Beijing Haihongyuan Investment Management Co., Ltd. failed to effectively integrate the organization after acquiring the Company. There are major uncertainties in the Company's future continuous operation. The Group has full provision for impairment of the long-term equity investment of Great Power Technology Limited.

10. Other equity instrument investment

(1) Other equity instrument investment

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd.	0.00	0.00
HNA Tianjin Center Development Co., Ltd.	0.00	0.00
Total	0.00	0.00

(2) Other instructions

Balance at end of year

Unit: RMB

Item	Dividend recognized during the year	Cumulat ive gains	Cumulative losses	Amount of OCI transferred to retained earnings	Reason for designation at fair value through OCI	Reason for OCI transferred to retained earnings
Shenyang Zhaoli High-voltage Electric Equipment Co., Ltd.			-73,048,566.83			
HNA Tianjin Center Development Co., Ltd. (Note)			-201,480,405.00			
Total			-274,528,971.83			

Note: HNA Tianjin Center Development Co., Ltd. has entered the bankruptcy reorganization procedure since February 10, 2021, and has been included in the scope of substantial reorganization of 321 companies including HNA Group. As of the disclosure date of this report, the mortgage of relevant assets has not been released. According to the reorganization plan, the mortgagee has the priority of repayment, and the amount of mortgage debt is greater than the market value of assets.

11. Other non-current financial assets

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Financial assets measured at fair value through profit or loss	19,070,849.21	19,070,849.21
Equity: instrument investments	19,070,849.21	19,070,849.21
HNA Group bankruptcy reorganization special service trust	19,070,849.21	19,070,849.21
Total	19,070,849.21	19,070,849.21

Note: According to the reorganization plan approved by the Hainan High Court for the substantial merger and reorganization of 321 companies including HNA Group Co., Ltd. (hereinafter referred to as the "HNA Group Reorganization Plan"), the HNA Group Bankruptcy Reorganization Special Service Trust has been established on April 24, 2022. The trust shares accepted by the Company in 2022 will be recognized as other non current financial assets, with a total of 73,257,524.08 shares and RMB19,083,585.02 recognized as other non current financial assets. In 2024, due to the repayment of trust principal, the number of trust shares held by the company was reduced, and the book value of other non current financial assets was adjusted and reduced.

12. Fixed assets

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Fixed assets	31,214,029.65	32,678,445.71
Disposal of fixed assets		
Total	31,214,029.65	32,678,445.71

(1) Fixed assets and accumulated depreciation

① Fixed assets

A. Holding fixed assets for personal use

Unit: RMB

Item	Buildings and structures	Machinery & equipment	Motor vehicles & others	Total
I. Carrying amount				
1. Balance at beginning of year	39,539,732.27	13,080,497.84	5,941,581.56	58,561,811.67
2. Increment	0.00	50,442.48	0.00	50,442.48
(1) Purchase		50,442.48		50,442.48
(2) Transferred from construction in progress				
(3) Business combination increase				
(4) Operating lease converted to own use				
3. Decrement				
(1) Disposal or write-off				
4. Balance at end of year	39,539,732.27	13,130,940.32	5,941,581.56	58,612,254.15
II. Accumulated depreciation				
1. Balance at beginning of year	13,009,114.89	8,661,923.25	3,591,150.92	25,262,189.06
2. Increment	994,896.18	399,199.32	120,763.04	1,514,858.54
(1) Provision	994,896.18	399,199.32	120,763.04	1,514,858.54
3. Decrement				
(1) Disposal or write-off				
(2) Merge range reduction				
(3) Convert to operating lease for own use				
4. Balance at end of year	14,004,011.07	9,061,122.57	3,711,913.96	26,777,047.60

Item	Buildings and structures	Machinery & equipment	Motor vehicles & others	Total
III. Provision for impairment				
1. Balance at beginning of year		413,043.28	208,133.62	621,176.89
2. Increment				
(1) Provision				
(2) Merge range reduction				
(3) Convert to operating lease for own use				
3. Decrement				
(1) Disposal or write-off				
(2) Merge range reduction				
(3) Convert to operating lease for own use				
4. Balance at end of year		413,043.28	208,133.62	621,176.90
IV.Book balance				
1. Book balance at end of year	25,535,721.20	3,656,774.47	2,021,533.98	31,214,029.65
2. Book balance at beginning of year	26,530,617.38	4,005,531.31	2,142,297.02	32,678,445.71

13. Right-of-use assets

Unit: RMB

Item	Buildings and structures	Total
I.Carrying amount		
1. Balance at beginning of year	30,536,273.27	30,536,273.27
2. Increment		
3. Decrement		
(1) Early termination of contract		
(2) Contract expiration and modification		
4. Balance at end of year	30,536,273.27	30,536,273.27
II. Accumulated depreciation		
1. Balance at beginning of year	23,546,925.57	23,546,925.57
2. Increment	3,494,673.81	3,494,673.81
(1) Provision	3,494,673.81	3,494,673.81

Item	Buildings and structures	Total
3. Decrement		
(1) Early termination of contract		
4. Balance at end of year	27,041,599.38	27,041,599.38
III. Provision for impairment		
1. Balance at beginning of year		
2. Increment		
(1) Provision		
3. Decrement		
4. Balance at end of year		
IV. Book balance		
1. Book balance at end of year	3,494,673.89	3,494,673.89
2. Book balance at beginning of year	6,989,347.70	6,989,347.70

14. Intangible assets

(1) Status of Intangible Assets

Unit: RMB			
Item	Land use rights	Software	Total
I. Carrying amount			
1. Balance at beginning of year	13,200,304.00	207,000.00	13,407,304.00
2. Increment			
(1) Purchase			
(2) Internal R&D			
3. Decrement			
(1) Disposal			
4. Balance at end of year	13,200,304.00	207,000.00	13,407,304.00
II. Accumulated amortization			
1. Balance at beginning of year	2,178,050.49	207,000.00	2,385,050.49
2. Increment	132,003.06	0.00	132,003.06
(1) Purchase	132,003.06	0.00	132,003.06
3. Decrement			
(1) Disposal			
4. Balance at end of year	2,310,053.55	207,000.00	2,517,053.55

Item	Land use rights	Software	Total
III. Provision for impairment			
1. Balance at beginning of year			
2. Increment			
(1) Provision			
3. Decrement			
(1) Disposal			
4. Balance at end of year			
IV.Book balance			
1. Book balance at end of year	10,890,250.45	0.00	10,890,250.45
2. Book balance at beginning of year	11,022,253.51	0.00	11,022,253.51

15. Goodwill

(1) Carrying amount of goodwill

Unit: RMB

Investee	Balance at beginning of year	Increment		Decrement		Balance at end of year
		From business combination	Other	Disposal	Other	
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	72,097.15					72,097.15

(2) Goodwill impairment provision

Unit: RMB

Investee	Balance at beginning of year	Increment		Decrement		Balance at end of year
		From business combination	Other	Disposal	Other	
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	72,097.15					72,097.15

Note: The asset group and operating segments to which goodwill belongs, as well as the basis, remain consistent with previous years and have not changed. The asset group did not actually conduct business

operations from January to June 2025.

16. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred tax assets not yet offset

Unit: RMB

Item	Balance at end of year		Balance at beginning of year	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deductible loss	6,989,347.73	1,747,336.93	6,989,347.70	1,747,336.93
Total	6,989,347.73	1,747,336.93	6,989,347.70	1,747,336.93

(2) Deferred income tax liabilities not yet offset

Unit: RMB

Item	Balance at end of year		Balance at beginning of year	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Right of Use Assets	3,494,673.89	873,668.47	6,989,347.70	1,747,336.93
Total	3,494,673.89	873,668.47	6,989,347.70	1,747,336.93

(3) Unconfirmed deferred tax assets details

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Deductible temporary difference	422,486,917.46	422,486,917.46
Deductible loss	266,105,879.41	266,105,879.41
Total	688,592,796.87	688,592,796.87

(4) The deductible losses from unrecognized deferred tax assets will expire in the following years.

Unit: RMB

Annual	Balance at end of year	Balance at beginning of year	Notes
2024			
2025	12,985,193.71	12,985,193.71	
2026	27,161,027.34	27,161,027.34	
2027	87,175,239.95	87,175,239.95	
2028	15,035,850.80	15,035,850.80	
2029	51,256,467.76	51,256,467.76	
Indefinite period	72,492,099.85	72,492,099.85	Deductible loss amount for NEE (HK)
Total	266,105,879.41	266,105,879.41	

17. Short-term liability

Unit: RMB

Category	Balance at end of year	Balance at beginning of year
Credit loan	0.00	0.00

18. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Within 1 year	35,985,435.23	30,588,320.15
1-2 years	1,245,470.49	1,593,684.59
2-3 years	308,368.71	8,539,077.57
Over 3 years	12,655,189.28	2,282,973.25
Total	50,194,463.71	43,004,055.56

(2) Significant accounts payable aged over 1 year

Item	Balance at end of year	Reasons
Jilin Tourism Group Co., Ltd. Changbaishan Hotel	4,584,530.55	Unsettled
Dongguan Dalingshan Beef Store	1,032,577.34	Unsettled
Beijing Dongyao Catering Management Co., Ltd.	1,227,840.90	Unsettled
Shenzhen Jianzuo Breeding Co., Ltd.	346,851.05	Unsettled
Dongguan Kanghuang Agricultural Products Co., Ltd.	571,842.14	Unsettled
Total	7,763,641.98	

19. Contract liabilities

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Equipment sales contract	18,881,181.42	20,868,958.55
Hotel catering service contract	5,237,300.99	5,685,721.77
Less: Listed as other non current liabilities amount	1,625,230.23	1,625,230.23
Total	22,493,252.18	24,929,450.09

20. Employee compensation

(1) Details of employee compensation

Unit: RMB

Item	Balance at beginning of year	Increment	Decrement	Balance at end of year
I. Short-term compensation	3,653,422.86	14,785,071.09	15,696,845.55	2,741,648.40
II. Post-employment benefits – defined contribution plan	158,359.20	786,124.62	786,124.62	158,359.20
III. Termination benefits				
IV. Other benefits due within one year				
Total	3,811,782.06	15,571,195.71	16,482,970.17	2,900,007.60

(2) Short-term compensation

Unit: RMB

Item	Balance at beginning of year	Increment	Decrement	Balance at end of year
1. Wages, bonuses, allowances, subsidies	3,263,107.02	11,787,722.35	12,744,891.89	2,305,937.48
2. Employee welfare		667,309.82	631,436.08	35,873.74
3. Social insurances	44,218.07	1,103,168.81	1,103,168.81	44,218.07
Including: Medical insurance	24,460.95	932,289.34	932,289.34	38,610.48
Work injury insurance	9,126.84	104,549.11	104,549.11	9,126.84
Maternity insurance	10,630.28	66,330.36	66,330.36	10,630.28
4. Housing provident fund	48,409.81	1,065,007.80	1,070,638.80	42,778.81
5. Labor union expenditure and employee education expenses	297,687.96	161,862.31	146,709.97	312,840.30
Total	3,653,422.86	14,785,071.09	15,696,845.55	2,741,648.40

(3) Defined contribution plan

Unit: RMB

Item	Balance at Beginning of year	Increment	Decrement	Balance at end of year
1. Basic endowment insurance	163,653.95	760,502.28	760,502.28	163,653.95
2. Unemployment insurance	20,048.42	25,622.34	25,622.34	20,048.42
Total	183,702.37	786,124.62	786,124.62	183,702.37

21. Tax payable

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Enterprise income tax	2,006,911.36	2,337,630.61
Value-added tax	422,717.35	234,853.26
City maintenance and construction tax	27585.66	14,045.72
Education surcharge/local education surcharge	19704.04	10,032.65
Individual income tax	169,677.53	186,979.73
Land use tax	19,947.50	19,947.5
Property tax	28,831.55	28,831.55
Stamp duty	103,024.31	135,312.01
Total	2,798,399.30	2,967,633.03

22. Other payables

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Interests payable		
Dividends payable		
Other payables	233,394,289.31	238,184,941.31
Total	233,394,289.31	238,184,941.31

(1) Other payables

① Details of other payables by nature

Unit: RMB

Item	Balance at end of year	Balance at beginning
Compensation due for CDB case (Note)	94,078,130.44	94,078,130.44
Current account	139,316,158.87	144,106,810.87
Total	233,394,289.31	238,184,941.31

Note:

(1) Shenyang High-voltage Switches Co., Ltd. (hereafter "Shenyang HVS") acquired bank loan from China Development Bank (hereafter "CDB") in 1998 by Agreement of Bank Loan, which was guaranteed by other companies with Agreement of Guarantee. In 2003 and 2004, with its assets in kind and land use rights, Shenyang HVS joined with other companies in setting up subsidiaries including New Northeast Electric (Shenyang) High-voltage Switches Co., Ltd. (hereafter "New Northeast High-volt"), New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (hereafter "New Northeast Insulation"), Shenyang Dongli Logistics Co., Ltd. (formerly Shenyang Xintai Warehouse & Logistics Co., Ltd., hereafter "Dongli Logistics") and Shenyang Beifu Machinery Manufacturing Co., Ltd. (formerly Shenyang Chengtai Energy Power Co., Ltd., hereafter "Beifu Machinery"). In 2004, the Company acquired shares of Dongli Logistics, Beifu Machinery and New Northeast Insulation with transfer of creditor's rights and share swaps. In May 2004, CDB filed a lawsuit with Beijing Higher People's Court (hereafter "Beijing Higher Court"), claiming for Shenyang HVS to repay the overdue loan principal of RMB150,000,000 and the interest incurred, and for the Company, New Northeast High-volt, New Northeast Insulation, Dongli Logistics and Beifu Machinery to take joint and several liabilities for the aforesaid principal and interest; also claiming for the Court to rule the share transfer agreement between Shenyang HVS and the Company on purchase of shares of New Northeast Insulation, Dongli Logistics and Beifu Machinery to be void.

The case went through trial by Beijing Higher Court and the Supreme People's Court. Eventually, the Supreme People's Court ruled in September 2008 with Ruling (2008) Min Er Zhong Zi No. 23, that 1) Cancel the agreement by which the Company swapped 95% of Beifu Machinery shares and 95% of Dongli Logistics shares held by Shenyang HVS with obligation of RMB76.66 million and interest incurred of Northeast Electric Power Transmission and Transformation Equipment Group Co., Ltd. held by the Company; the Company should return the aforesaid shares to Shenyang HVS within 10 days of the Ruling, or should compensate Shenyang HVS within the limit of RMB247.1165 million if unable to return those shares; Shenyang HVS should return the obligation of RMB76.66 million of Northeast Electric Power Transmission and Transformation Equipment Group Co., Ltd. and interest incurred to the Company within 10 days of the Ruling, or should compensate the Company within the limit of RMB76.66 million if unable to return; 2) Cancel the share swap agreement between Shenyang HVS and the Company for 74.4% of New Northeast Insulation shares held by Shenyang HVS and 98.5% of Shenyang Taisheng Industry & Trade Co., Ltd. (formerly Shenyang Tiansheng Communication Equipment Co., Ltd., hereafter "Taisheng Industry & Trade") shares held by the Company; 3) Shenyang HVS should return 98.5% of Taisheng Industry & Trade shares to the Company within 10 days of the Ruling and the Company should return 74.4% of New Northeast Insulation shares to Shenyang HVS within 10 days of the Ruling. The Company should compensate Shenyang HVS within the limit of RMB130 million after deducting RMB27.8788 million if shares return is not possible.

The Company carried out the Ruling in 2007 and 2008. However, CDB filed with Beijing Higher Court for execution in 2009 by the Ruling (2008) Min Er Zhong Zi No. 23, and consequently, the Court froze 10% of Shenyang Kaiyi Electric shares held by the Company according to law. The Company appealed for such execution while the Beijing Higher Court dismissed the appeal in October 2013 with Ruling (2013) Gao Zhi Yi Zi No. 142. Then the Company filed for retrial with the Supreme People's Court, for which the Court dismissed Beijing Higher Court's ruling with Ruling (2013) Gao Zhi Yi Zi No. 142 and ruled for retrial with Ruling (2014) Zhi Fu Zi No. 9 in March 2015. Beijing Higher Court issued Ruling (2015) Gao Zhi Yi Zi No. 52 in December 2016, which ruled that Northeast Electric's appeal lacked evidence, did not sustain the claim of shares return already carried out, and held that the Company should carry out compensation. The Company again appealed to the Supreme People's Court, and the Supreme People's Court made final Ruling (2017) Zui Gao Fa Zhi Fu No. 27 in August 2017 to dismiss Northeast Electric's appeal and sustain Beijing Higher Court's Ruling (2015) Gao Zhi Yi Zi No. 52. The Company accordingly recognised liabilities of RMB272,627,700 in 2017.

On 21 June 2019, Beijing Higher Court transferred the case to the First Intermediate People's Court of Hainan Province for jurisdiction. On February 23, 2021, the First Intermediate People's Court of Hainan Province issued ruling (2021) Qiong 96 Zhi No. 120, which continued to seal up the state-owned land use right under the name of the Company located at No. 39 Shentie Road, Dadong District, Shenyang City, Liaoning Province, with the land certificate No. Shenyang Guoyong 1995 Zi No. 17. However, the land use right was auctioned by the Intermediate People's Court of Shenyang City, Liaoning Province in 2011.

(2) On 30 November 2018, Fuxin Enclosed Busbar Co., Ltd. ("Fuxin Busbar"), a wholly-owned subsidiary of the Company, filed a lawsuit with Hainan Higher People's Court, claiming for Shenyang HVS to pay USD16 million, which was the consideration for the transfer of 74.4% of the equity in New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (formerly Shenyang Xintai High-voltage Electric Co., Ltd.), as well as the interest accrued from the date of transfer to the date of litigation, and for the Company to be jointly liable for the payment of the equity transfer consideration by Shenyang HVS. 74.4% of the equity in New Northeast Electric (Shenyang) High-voltage Insulation Switches Co., Ltd. (formerly Shenyang Xintai High-voltage Electric Co., Ltd.) (the "Underlying Equity") was held by Fuxin Busbar by 22 September 2008. Due to the enforcement of the final judgment made by the Supreme People's Court on 5 September 2008 for the case of CDB (Document (2008) Min Er Zhong Zi No. 23) and under the coordination of the Company, Fuxin Busbar, a whollyowned subsidiary of the Company, returned the Underlying Equity to Shenyang HVS free of charge, and completed the equity change registration on 22 September 2008 as required by the local industrial and commercial administration of the place of registration of the Company. Therefore, the Underlying Equity held by Fuxin Busbar was returned to Shenyang HVS free of charge. However, according to the enforcement ruling issued by the Supreme People's Court on 31 August 2017 (Document (2017) Zui Gao Fa Zhi Fu No. 27), "the fact that the return of the Underlying Equity free of charge under the coordination of Northeast Electric cannot be ascertained". Fuxin Busbar held that the outstanding equity transfer consideration of USD16 million of Shenyang HVS constituted a default. Hence, Fuxin Busbar filed a lawsuit with the Court, claiming for the return of the consideration for the transfer of the Underlying Equity. Hainan Higher People's Court accepted this case. On 20 May 2019, the Company received the Ruling (2018) Qiong Min Chu No. 69 from Hainan Higher People's Court, which ruled that Shenyang HVS should, within 15 days of the Ruling, pay Fuxin Busbar RMB111,121,600 (since the average exchange rate of RMB against USD was 6.9451 in 2008, USD16 million was equivalent to RMB111,121,600), which was the consideration for the transfer of the Underlying Equity, as well as the interest incurred (commencing from 23 October 2008 to 23 November 2018, at the corresponding benchmark rate of one-year loan provided by the People's Bank of China).

On 24 June 2020, Fuxin Busbar transferred all of its rights under the Ruling (2018) Qiong Min Chu No. 69 from Hainan Higher People's Court to the Company, at the consideration of RMB3.00 million. As of 7 September 2020, the Company is legally entitled to claim Shenyang HVS matured debt totaling RMB178,549,569.56, including equity transfer payment, interest, interest on debt during the period of delayed performance. In accordance with Article 99 of the Contract Law of the People's Republic of China and other relevant laws, the Company has notified Shenyang HVS by post on 7 September 2020 that the aforesaid matured debt due from Shenyang HVS of RMB178,549,569.56 would be offset against the Company's matured debt due to Shenyang HVS arising from the Civil Ruling (2004) Gao Min Chu Zi No. 802 issued by the Beijing Municipal Higher People's Court and the Civil Ruling (2008) Min Er Zhong Zi No. 23 issued by the Supreme People's Court, namely, the offset amount was RMB178,549,569.56. The Company has published an announcement on Liaoshen Evening News, a media in Liaoning where Shenyang HVS is located on 11 September 2020; the debt

offset has become effective on 11 September 2020. At the same time, the Company has carried out offset accounting treatment.

②The important other payables with an aging of more than one year are mainly funds that have not been executed in litigation. Due to the lack of enforceable assets in the China Development Bank case, the Hainan Provincial First Intermediate People's Court issued the (2021) Qiong 96 Zhi 120-2 execution ruling on March 10, 2023, which made the final settlement of the China Development Bank execution case.

23. Non-current liabilities due within one year

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Lease liabilities due within one year (Note V, 25)	6,989,347.73	6,989,347.70

24. Other current liabilities

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
taxes payable-output tax to be transferred	1,393,201.37	2,841,319.59
Endorsement transfer of receivable Notes		20,000.00
Total	1,393,201.37	2,861,319.59

25. Lease liabilities

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Site lease	7,142,857.14	7,142,857.14
Deduct: Unconfirmed financing expenses	153,509.41	153,509.44
Total	6,989,347.73	6,989,347.70
Less: Lease liabilities due within one year (Note V,23)	6,989,347.73	6,989,347.70
Total	0.00	0.00

26. Estimated liabilities

Unit: RMB

Item	Balance at end of year	Balance at beginning of year	Reason
External guarantee (Note)	34,354,500.00	34,354,500.00	Liability under guarantees
Total	34,354,500.00	34,354,500.00	

Note:

(1) The Company has provided guarantee for the bank loan of RMB13,000,000.00 between Bank of China Jinzhou Branch and Jinzhou Power Capacitor Co. Ltd ("Jinrong"), and thus undertake obligation of joint guarantee. Bank of China Jinzhou Branch has filed a lawsuit in February 2005 to the Intermediate People's Court of Jinzhou City, Liaoning Province, asking for Jinrong's repayment of RMB13,000,000.00 and the relative interests, along with request that the Company undertake joint obligation of repayment. The Intermediate People's Court of Jinzhou City, Liaoning Province ruled in May 2005 that the Company should undertake the joint obligation of repayment of the captioned loan principal and interests. The Company did not file for appeal, and the Ruling became effective. The Intermediate People's Court of Jinzhou City, Liaoning Province issued Enforcement Notice (2005) Jin Zhi Zi No. 89 in September 2005. And on 23 June 2010, the Court made Enforcement Ruling (2005) Jin Zhi Yi Zi No. 89, sealing up high-voltage parallel connection capacitors owned by Jinrong, including 35 boxes of 140 sets of BFM6.61-299IW, 24 boxes totaling 96 sets of BFM2.11.5J3- 300IW, and 65 boxes of 240 sets of BFM3.11.5J3-300IW. The Company had accordingly estimated liabilities of RMB14,464,500.00. Up to the date of report approval, the above-mentioned repayment has not yet been settled.

(2) The Company has provided guarantee for loans of RMB17,000,000.00 between Jinzhou Power Capacitor Co., Ltd. and Jinzhou City Commercial Bank, and thus undertake obligation of joint guarantee. The bank launched a lawsuit in March 2007 to the Intermediate People's Court of Jinzhou City, Liaoning Province against Jinrong for repayment of principal of RMB17,000,000.00 and related interests of RMB2,890,000.00, and asking for the Company to assume joint obligation of repayment. The court sentenced the Company to assume joint liability for repaying RMB17,000,000.00 and related interests of RMB2,890,000.00 by Civil Judgment (2007) Jin Min San Chu Zi No. 00049 in June 2007, which came into effectiveness and the Company did not appeal. The Intermediate People's Court of Jinzhou City issued an order of Enforcement to the Company on 5 March 2008, requesting execution of obligations. The Company therefore had estimated liability of RMB19,890,000.00. Up till the reporting date, the Company has not paid the above mentioned liability.

27. Other Non-Current Liabilities

Item	Balance at end of year	Balance at beginning of year
Other contractual liabilities	1,625,230.23	1,625,230.23

28. Deferred income

Unit: RMB

Item	Balance at beginning of year	Increment	Decrement	Balance at end of year	Reason
Government subsidies	30,259,480.02		962,600.82	29,296,879.20	Fuxin Enclosed Busbar Co., Ltd.Plant relocation
Total	30,259,480.02		962,600.82	29,296,879.20	

In particular, projects involving government grants:

Unit: RMB

Item	Balance at beginning of year	New grants of year	Amount of nonoperating income included of year	Amount of other income included of year	Balance at end of year	Asset/ Revenue related
Policy-based relocation compensation for new plant construction project	30,259,480.02			962,600.82	29,296,879.20	Related to assets

29. Share capital

Unit: RMB

Item	Balance at beginning of year	Increment/Decrement					Balance at end of year
		New shares issued	Stock dividend	Reserve to shares	Others	Total	
Total shares	873,370,000.00						873,370,000.00

30. Capital reserve

Unit: RMB

Item	Balance at beginning of year	Increment	Decrement	Balance at end of year
Share premium	115,431,040.00			115,431,040.00
Other capital reserve	968,566,297.88			968,566,297.88
Total	1,083,997,337.88			1,083,997,337.88

31. Other comprehensive income

Unit: RMB

Item	Balance at beginning of year	Amount for this period						Balance at end of year
		Amount before income tax	Less: previous other comprehensive income converted to current profit or loss	Less: previous other comprehensive income converted to current retained earnings	Less: income tax	Attributable to the parent Company after tax	Attributable to minority interests after tax	
I. OCI that cannot be reclassified into profit or loss	1,195,596.01							195,596.01
Changes in fair value of other equity instruments investment	1,195,596.01							195,596.01
II. OCI to be reclassified into profit or loss	7,295,021.40	274,908.70				1,274,908.70		20,112.70
Foreign currency translation difference	7,295,021.40	274,908.70				1,274,908.70		323,173.80
Total	8,490,617.41	274,908.70				1,274,908.70		215,708.71

32. Special Reserve

Unit: RMB

Item	Balance at beginning of year	Increment	Decrement	Balance at end of year	Reason
Safety production cost	1,147,625.60	691,788.84	148,190.88	1,691,223.56	Provision for Special Reserve and Use in 2024
Total		691,788.84	148,190.88	1,691,223.56	

33. Surplus reserve

Unit: RMB

Item	Balance at Beginning of year	Increment	Decrement	Balance at end of year
Statutory surplus reserve	80,028,220.48			80,028,220.48
Optional surplus reserve	28,558,903.92			28,558,903.92
Total	108,587,124.40			108,587,124.40

34. Undistributed profit

Unit: RMB

Item	Amount for the year	Extract or allocate proportions
Undistributed profit at the end of the previous year before adjustment	-2,018,924,032.31	
Adjustment for total undistributed profits at the beginning of the year (+ for increase and – for decrease)		
Undistributed profits at the beginning of the year after adjustment	-2,018,924,032.31	
Add: Net profits attributable to shareholders of the parent for the year	-5,155,857.75	
Less: Appropriation for statutory surplus reserve		
Appropriation for optional surplus reserve		
Extract general risk provision		
Ordinary shares dividends payable		
Ordinary shares dividends converted to equity		
Undistributed profit at the end of the year	-2,024,079,890.06	

35. Operating income and operating costs

(1) Operating Revenue and Costs

Unit: RMB

Item	Amount for the year		Amount for previous year	
	Income	Cost	Income	Cost
Main business	77,290,682.83	50,444,045.72	67,972,751.65	41,144,798.54
Other business				
Total	77,290,682.83	50,444,045.72	67,972,751.65	41,144,798.54

(2) Main business revenue and costs (by industry)

Unit: RMB

Item	Amount for the year		Amount for previous year	
	Income	Cost	Income	Cost
Industrial product industry	54,869,323.22	47,019,611.50	44,063,362.78	37,354,173.02
Hotel industry	22,421,359.61	3,424,434.22	23,909,388.87	3,790,625.52
Service				
Total	77,290,682.83	50,444,045.72	67,972,751.65	41,144,798.54

(3) Main business revenue and costs (by product)

Unit: RMB

Item	Amount for the year		Amount for previous year	
	Income	Cost	Income	Cost
Enclosed busbar	54,869,323.22	47,019,611.50	44,063,362.78	37,354,173.02
Catering	7,715,074.52	3,406,228.11	9,125,075.04	3,748,721.53
Room revenue/Other	14,706,285.09	18,206.11	14,784,313.83	41,903.99
Total	77,290,682.83	50,444,045.72	67,972,751.65	41,144,798.54

(4) Operating revenue is presented by the timing of revenue recognition

Unit: RMB

Item	Sales of enclosed Busbar products	Hotel and catering industry	Total
Confirm income within a certain period			
Recognized at a certain point	44,063,362.78	23,909,388.87	67,972,751.65
Total	44,063,362.78	23,909,388.87	67,972,751.65

36. Tax and surcharges

Unit: RMB

Item	Amount for the year	Amount for previous year
City maintenance and construction tax	163,069.61	3,815.63
Education surcharges	71,579.97	2,724.02
Land use tax	119,685.00	119,685.00
House tax	172,989.30	172,989.30
Stamp duty	73,713.08	31,025.87
Vehicle and vessel use tax	3,484.32	5,007.84
Others	45,509.14	31,308.84
Total	650,030.42	366,556.50

37. Sales expenses

Unit: RMB

Item	Amount for the year	Amount for previous year
Employee compensation	7,547,615.21	8,586,621.37
Labor outsourcing fee	789,107.07	444,444.16
Depreciation of right-of-use assets	3,494,673.84	3,454,785.90
Vehicle usage fee	0.00	956,415.16
Material consumption	1,197,418.71	1,322,645.28
After-sales services expenses	1,957,314.13	351,092.15
Property fee	229,835.90	192,948.81
Energy expenses	954,770.24	1,012,183.69
Travelling expenses	2,633,720.89	2,855,714.00
Repair expenses	696,861.15	742,668.93
Commission	211,794.58	221,757.67
Cleaning fee	0.00	0.00
Bidding fee	321,916.03	579,413.68
Entertainment fee	225,291.60	235,656.78
Others	471,625.21	1,766,591.93
Total	20,731,944.56	22,722,939.51

38. Administrative expenses

Unit: RMB

Item	Amount for the year	Amount for previous year
Employee compensation	7,154,368.35	6,803,095.27
Agency fee	796,262.65	398,473.67
Office expenses	56,194.33	56,321.11
Rental fee	79,255.48	31,937.92
Depreciation expenses	361,225.16	384,777.34
Amortization charge	728,958.12	132,003.06
Heating expenses	104,834.20	122,234.16
Travelling expense	66,978.15	105,426.79
Entertainment fee	215,762.47	279,360.87
Others	1,010,430.83	2,082,916.92
Total	10,574,269.74	10,396,547.11

39. R&D expenditure

Unit: RMB

Item	Amount for the year	Amount for previous year
Dense bus duct	166,109.32	194,835.31
Epoxy resin cast tubular busbar	276458.07	151,240.60
Condensing PT cabinet	141,041.42	208,606.45
Epoxy resin cast common box busbar	251,711.97	290,515.87
Other		194,835.31
Total	835,320.78	845,198.23

40. Financial expenses

Unit: RMB

Item	Amount for the year	Amount for the year
Interest expenses	111,903.36	169,834.99
Less: Interest income	-3,159.27	-23,569.75
Exchange gain or loss		
Less: Exchange gains	-1,227,213.2	
Bill interest subsidy		
Handling fee	295,127.64	367,998.20
Bank charges		
Total	1,631,084.93	514,263.44

41. Other income

Unit: RMB

Item	Amount for the year	Amount for previous year	Non recurring gains and losses for this year
VAT exemption or reduction	256,917.49	566,659.24	
Compensation for new plant construction project in policy-based demolition	962,600.82	962,600.82	

Stable employment subsidies and R&D funding subsidies			
Total	1,219,518.31	1,529,260.06	

42. Investment returns

Unit: RMB

The source of investment income	Amount for the year	Amount for previous year
Investment income obtained from the disposal of financial assets measured at fair value with changes recognized in current profit or loss		
Investment income obtained from disposing of trading financial assets		
Debt restructuring income		9,124,471.12
Total	0.00	9,124,471.12

43. Credit impairment loss

Unit: RMB

Item	Amount for the year	Amount for previous year
Credit impairment loss on accounts receivable	307,479.03	
Other receivables credit impairment losses		-10,111.68
Total	307,479.03	-10,111.68

44. Impairment loss

Unit: RMB

Item	Amount for the year	Amount for previous year
Inventory falling price reserves		
Provision for impairment of right of use assets		
Provision for impairment of contract assets		
Total	0.00	0.00

45. Gain on asset disposal

Unit: RMB

Item	Amount for the year	Amount for previous year
Profit and loss from disposal of fixed assets	0.00	3,628.15

46. Non-operating income

Unit: RMB

Item	Amount for the year	Amount for previous year	Amounts included in the current nonrecurring profit or loss
Refund of litigation fees			
Others	11,606.04	105,441.41	11,606.04
Write off of accounts receivable and payable			
Total	11,606.04	105,441.41	11,606.04

47. Non-operating expenses

Unit: RMB

Item	Amount for the year	Amount for previous year	Amounts included in the current nonrecurring profit or loss
Fine for overdue payment	23,625.36	5,655.02	23,625.36
Compensation expenses			
Non current asset damage and scrapping losses			
Others	3,715.42		3,715.42
Write off of accounts receivable and payable			
Total	27,340.78	5,655.02	27,340.78

48. Income tax expense

(1) Income tax expense

Unit: RMB

Item	Amount for the year	Amount for previous year
Current income tax expense		
Deferred Income Tax Expense	-873,668.46	-906,155.22
Total	-873,668.46	-906,155.22

49. Other comprehensive income

See Note V, 31 for details.

50. Statements of cash flows

(1) Cash received from other operating related activities

Unit: RMB

Item	Amount for the year	Amount for previous year
Government subsidy		
Interest income	3,159.27	9,186.57
Current accounts	52,154.89	525,931.44
Bidding deposits	4,543,059.09	4,449,931.76
performance bond		
Others	18,336.91	243,423.44
Total	4,616,710.16	5,228,473.21

(2) Cash paid for other operating related activities

Unit: RMB

Item	Amount for the year	Amount for previous year
Fees for cash payments	6,216,074.12	6,876,803.40
Current accounts	1,591,406.04	2,078,594.14
Deposits for performance guarantees	0.00	0.00
Deposits for bidding	3,401,315.50	5,511,348.50
Others	753,075.75	1,826,412.11
Total	11,961,871.41	16,293,158.15

(3) Cash received from investment recovery

Unit: RMB

Item	Amount for the year	Amount for previous year
Equity sale proceeds		9,100,000.00
Total		9,100,000.00

51. Supplementary Information to Cash Flow Statement

(1) Supplementary Information to Cash Flow Statement

Unit: RMB

Additional information	Balance at end of year	Balance at beginning of year
1.Adjusting net profit to operating cash flow:		
Net profit	-5,191,082.26	-969,130.71
Add: Credit impairment loss		-3,361,304.71
Asset impairment loss	-307,479.03	-38,878.86
Fixed asset depreciation	1,464,416.06	3,202,414.60
Depreciation of right of use assets	3,494,673.81	6,909,571.79
Amortization of intangible assets	132,003.06	264,006.12
Amortization of long-term deferred expenses		
Asset disposal losses (income indicated by "-")		3,849.39
Fixed asset scrapping loss (income indicated by "-")		
Fair value change loss (income indicated by "-")		
Financial expenses (income is indicated by "-")	1,631,084.93	399,285.34
Investment loss (income indicated by a "-")		-9,135,071.08
Decrease in deferred tax assets (increase indicated by "-")		
Increase in deferred income tax liabilities (decrease indicated by "-")	-873,668.46	
Decrease in inventory (increase indicated by a "-")	1,463,112.19	-11,373,998.50
Decrease in operating receivables (increase indicated by "-")	-7,408,945.11	72,309,065.81
Increase in operating payables (decrease indicated by "-")	-1,585,009.28	-64,231,233.43
Other	332,662.47	504,443.20
Net cash flows from operating activities	-6,848,231.62	1,283,386.10
2.Major investment and financing activities that do not involve cash inflows and outflows:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Confirm the lease of the right to use assets		6,989,347.70
3.Net changes in cash and cash equivalents:		

Additional information	Balance at end of year	Balance at beginning of year
Closing balance of cash	8,302,181.62	15,192,620.30
Subtract: Opening balance of cash	15,192,620.30	6,442,713.65
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-6,890,438.68	8,749,906.65

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
1.Cash	8,302,181.62	15,192,620.30
Cash on hand	77,103.36	77,302.60
Payable bank deposits	8,225,078.26	15,115,317.70
2.Cash equivalents		
3.Closing balance of cash and cash equivalents	8,302,181.62	15,192,620.30

(3) Current period changes in liabilities arising from fundraising activities

Unit: RMB

Item	Balance at beginning of year	Increased this year		Decreased this year		Balance at end of year
		Cash	Not cash	Cash	Not cash	
Related party loans	4,238,694.70					4,238,694.70
Other related party transactions						
Short-term borrowing						
Lease liability	6,989,347.70					6,989,347.70
Total	4,238,694.70					4,238,694.70

52. Assets with restricted ownership or use right

Unit: RMB

Item	Balance at end of year	Balance at beginning of year	Reason
Monetary capital	2,502,053.55	3,996,226.83	Performance bond and judicial freeze

53. Foreign-currency monetary items

(1) Foreign-currency monetary items

Unit: RMB

Item	Foreign currency balance at end of year	Exchange rate	Translated RMB balance at end of year
Monetary capital			
Including: US dollars	1203.34	7.1639	8,620.61
HK dollars	472,941.25	0.9126	431,606.18

(2) Explanation of Overseas Operating Enterprises

Unit: RMB

Item	Principle operating place	Functional currency	Basis for selection of functional currency
Northeast Electric Development (HK) Co.,Ltd. (東北電氣發展(香港)有限公司)	Hong Kong	HKD	Principal operating place
Great Talent Technology Limited (高才科技有限公司)	British Virgin Islands	HKD	Territory

Note: Northeast Electric Development (HK) Co., Ltd. is a Company set up in Hong Kong by the Company, Great Talent Technology Limited is a Company set up in British Virgin Islands (BVI) by the Company.

54. Lease

(1) Please refer to Note V, 13, 23, and 25 for information on right of use assets and lease liabilities.

(2) As the lessee, our company.

Item	Amount
Short term lease expenses included in current profit and loss	33,060.00
Low value asset leasing expenses included in current profit loss	
Total cash outflow related to leasing	33,060.00
Related gains and losses arising from post-sale leaseback transactions	

(3) As the lessor, our company

① Operating lease

Item	Amount
Rental income	0.00
Among them: Variable lease payment related income not included in the measurement of lease receipts	

55. Government grants

(1) Basic information on government subsidies

Unit: RMB							
Grants Project	Balance at beginning of year	Amount of new grants	Include in non operating income amount	Transfer of other income amount in this period	Other	Balance at end of year	Related to assets/related to returns
Relocation compensation	30,259,480.02			962,600.82		29,296,879.20	Related to assets

(2) Government subsidies included in current profit and loss

Unit: RMB

Grants Project	Amount recognized in profit or loss for this period	Amount recognized in profit or loss in the previous period	Item	Related to assets/ related to returns
Relocation compensation	962,600.82	962,600.82	Other income	Related to assets
Subsidies for technology-based enterprises			Other income	Related to income
Stable employment subsidy	1,201.26	38,091.00	Non-operating income	Related to income
Total	963,802.08	1,000,691.82		

VI. Equity in Other Entities

1. Equity in subsidiaries

(1) Composition of the Group

As of June 30, 2025, the company has included a total of 6 subsidiaries in the consolidation scope, and the consolidation scope of the group this year has decreased by 1 compared to the previous year. Dongdian Business Travel (Hainan) Information Consulting Services Co., Ltd. was established on March 3, 2023. Its subsidiary, Hainan Yitang Flying Hotel Management Co., Ltd., holds a 51% stake and will be deregistered in 2024.

Name of subsidiary	Registered capital	Name of subsidiary	Registration place	Principal business	Shareholding ratio (%)		Means of acquisition
					Direct	Indirect	
Northeast Electric Development (HK) Co., Ltd.	USD 20million	HK	HK	Investment/Trade	100.00		Set up
Great Talent Technology Limited	USD1	BVI	BVI	Investment	100.00		Set up
Shenyang Kaiyi Electric Co., Ltd.	RMB 1million	Shenyang	Shenyang	Manufacturing, sales of electrical equipment	10.00	90.00	Set up
Fuxin Enclosed Busbar Co., Ltd.	USD 8.5million	Fuxin	Fuxin	Manufacturing of enclosed busbar		100.00	Set up
Hainan Garden Lane Flight Hotel Management Co., Ltd.	RMB 50million	Haikou	Haikou	Investment		99.00	Set up
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	RMB 10million	Chengdu	Chengdu	Chengdu Engineering design and construction, reconnaissance and design, project consultation of new energy		51.00	Merger acquisition under different control

(2) Information on significant non-wholly-owned subsidiary

Unit: RMB

Name of subsidiary	Percentage of minority shares (%)	Profit or loss attributable to minority shareholders in the year	Dividends paid to minority shareholders in the year	Closing balance of minority interests
Hainan Garden Lane Flight Hotel Management Co., Ltd.	1.00	35,970.11		-1,376,421.07
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	49.00	5,339.67		3,410,581.41

(3) Main financial information on significant non wholly-owned subsidiary

Unit: RMB

Name of subsidiary	Balance at end of year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hainan Garden Lane Flight Hotel Management Co., Ltd.	27,657,866.42	27,671,988.00	55,329,854.42	196,441,460.15		196,441,460.15

(Continued)

Name of subsidiary	Balance at beginning of year					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hainan Garden Lane Flight Hotel Management Co., Ltd.	33,429,041.51	31,166,661.81	64,595,703.32	202,237,810.35		202,237,810.35

(Continued)

Name of subsidiary	Amount for the year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Hainan Garden Lane Flight Hotel	22,421,359.61	-3,498,698.70	-3,498,698.70	-3,085,818.53

Name of subsidiary	Amount for the year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Management Co., Ltd.				

(Continued)

Name of subsidiary	Amount for previous year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Hainan Garden Lane Flight Hotel Management Co., Ltd.	23,909,388.87	4,859,011.13	5,174,480.23	-2,989,442.94

2. Equity in joint ventures or associates

Name of associate	Principle operating place	Registration place	Nature of business	Shareholding ratio (%)		Accounting method for investment in associates
				Direct	Indirect	
Great Power Technology Limited	BVI	BVI	Investment holding		20.80	Equity method

VII. Risks Related to Financial Instrument

The Company's business activities will face various financial risks: market risks (mainly including foreign exchange risk, interest rate risk and other price risks), credit risk and liquidity risk. The Company has formulated risk management policies to reduce the potential adverse effects of various risks on financial performance.

1. Market risks

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of losses caused from exchange rate fluctuations. The foreign exchange risks of the Company are mainly related to Hong Kong dollars. In addition to the Company's overseas subsidiaries, namely Northeast Electric Development (Hong Kong) Co., Ltd. and Great Talent Technology Limited, etc., other major business activities of the Company shall be settled in RMB. On June 30 2024, the company's subsidiaries operating overseas have no procurement and sales business, only the occurrence of daily expenses.

2. Credit risks

Credit risk refers to the risk that one party of a financial instrument fails to perform its obligations, resulting in financial losses to the other party.

As of June 30 2025, the credit risk of the Company mainly comes from the financial assets recognized by the Company, specifically including:

The carrying amount of recognized financial assets in the consolidated balance sheet, the maximum exposure is equal to the carrying value of these financial assets.

For the method by which the Company assesses whether the credit risk has increased since the initial recognition, the basis for determining the credit impairment of financial assets, the combination method of the financial instruments assessing the expected credit risk based on the portfolio, and the policy of direct write-down of financial instruments, please refer to Note III.11.

Quantitative data of credit risk exposure and loss provision due to accounts receivable and other receivables of the Company are disclosed in Notes V. 2 and Notes V.4.

3. Liquidity risk

As of 30 June 2025, the current liabilities of the Company were RMB211.91 million more than current assets. Material uncertainties concerning major matters which might impact the continuous operation of the Company exist, thus may result in the Company's inability to liquidate assets and repay debts during its normal operation.

XIII. Disclosure of Fair Value

1. Year-end fair value of assets and liabilities at fair value

Unit: RMB

Item	Year-end fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading				
1. Investment in debt instruments				
2. Investment in equity instruments				
3. Other non-current financial assets			19,070,849.21	19,070,849.21
Total assets at fair value on a recurring basis			19,070,849.21	19,070,849.21

2. Continuous and non-sustainable third level fair value measurement items, the valuation techniques and qualitative and quantitative information of important parameters.

Through understanding the trust products of 2025 operations, and collect the trust products involves the main company financial data, measure related financial indicators and compare with data on December 31 2024, shows that the relevant financial indicators have not changed significantly, so confirm the trust products confirmed other non-current financial assets on June 30 2025 fair value and the fair value of December 31 2024 confirmed.

IX. Related parties and related party transactions

1. The largest controlling shareholder of the Company

Name	Registration place	Nature of business	Registered capital (RMB0'000)	Shareholding ratio of the largest shareholder (%)	Voting percentage of the largest shareholder (%)
Beijing Haihongyuan Enterprise Management Consulting Co., Ltd.	Beijing	Beijing Investment and management	352,000	9.33	9.33

Notes: As of 30 June 2025, Beijing Haihongyuan Investment Management Co., Ltd. pledged 9.33% of its equity in the Company to Bank of Guangzhou Co., Ltd..

2. During the reporting period, the registered capital (paid in capital) of the largest shareholder changed as follows:

Item	Balance at end of year	Increase	Decrease	Balance at beginning of year
Amount	3,520,000,000.00			3,520,000,000.00

3. Subsidiaries of the Company

For details of the subsidiaries of the Company, see Note VI. 1 "Interests in Subsidiaries".

4. Information about the Group's associates

For the important joint ventures of the Company, see Note VI.2 "Interests in the joint venture or joint venture". In addition, there is no other joint venture and joint venture enterprise.

5. Other related parties

Name	Relationship
Nikko Hotel, Dalian Changjiang Plaza Co., Ltd.	Affiliates of the controlling

Name	Relationship
	shareholder of the Company
Dongguan Yujingwan Restaurant	Affiliates of the controlling shareholder of the Company
Shopping Group Financial Co., Ltd.	Affiliates of the controlling shareholder of the Company
HNA Hotel (Group) Co., Ltd.	Affiliates of the controlling shareholder of the Company
HNA Hotel Group (Hongkong) Co., Limited	Affiliates of the controlling shareholder of the Company
HNA Hotel Holding Group Co., Ltd.	Affiliates of the controlling shareholder of the Company
HNA Tianjin Center Development Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan Airlines Tianjin Center Development Co., Ltd. Tangla Yaxiu Hotel	Affiliates of the controlling shareholder of the Company
Yunnan Tonghui Hotel Management Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan Guoshang Hotel Management Co., Ltd.	Affiliates of the controlling shareholder of the Company
HNA International Hotel Management Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan HNA Business Services Co., Ltd.	Affiliates of the controlling shareholder of the Company
Jilin Tourism Group Co., Ltd. Changbaishan Hotel	Affiliates of the controlling shareholder of the Company
Jilin Tourism Group Co., Ltd. Zijinghua Restaurant	Affiliates of the controlling shareholder of the Company
Tunchang Haihang Agricultural Park Investment Co., Ltd.	Affiliates of the controlling shareholder of the Company
Sanya Asia-Pacific International Conference Center Sanya Haihang Holiday Hotel	Affiliates of the controlling shareholder of the Company
Yunshangtong International Holdings Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan Jiasheng Enterprise Management Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan Yuanda Xunhe Enterprise Management Partnership (Limited Partnership)	Affiliates of the controlling shareholder of the Company
Dalian HNA Changjiang Real Estate Co., Ltd.	Affiliates of the controlling shareholder of the Company
Changchun Noble Hotel Co., Ltd.	Affiliates of the controlling shareholder of the Company
Hainan Yuanxing Ruoshui Industrial Co., Ltd.	Affiliates of the controlling shareholder of the Company
HNA Asset Management Group Co., Ltd.	Affiliates of the controlling shareholder of the Company
Taisheng Real Estate (Shanghai) Co., Ltd.	Affiliates of the controlling shareholder of the Company

6. Related party transactions

(1) Related party transactions of purchasing and selling goods, providing and receiving labor services

① Goods purchased/labor services received

None

② Sales of goods/provision of labor services

Related party	Content of related party transactions	Amount for the year	Amount for previous year
Taisheng Real Estate (Shanghai) Co., Ltd.	Equity transfer		9,100,000.00

(2) Related party lease

① The Company as a lessee

Unit: RMB

Lessor name	Type of leased assets	Rental expense recognized in the year	Rental expense recognized in previous year
Dalian Changjiang Plaza Co., Ltd.	Hotel premises leasing	7,142,857.14	7,142,857.14

(3) Related party funds lending

Unit: RMB

Related party	Borrowing amount	Starting date	Maturity date	Description

(4) Salary of important management personnel

Unit: RMB

Item	Amount incurred this year	Amount incurred in the previous year
Personnel compensation	677,014.46	1,766,930.00

7. Intercompany receivables and payables balance

(1) Accounts receivable

Unit: RMB

Item	Balance at end of year		Balance at beginning of year	
	Carrying amount	Provision for bad debt	Carrying amount	Provision for bad debt
Accounts receivable:				
HNA International Hotel Management Co., Ltd.	292,579.00	81,933.00	292,579.00	81,933.00
Changchun Noble Hotel Co., Ltd.				
Jilin Tourism Group Co., Ltd. Zijinghua Restaurant	282,201.34	282,201.34	282,201.34	282,201.34
Hainan HNA International Hotel Management Co., Ltd. Kunming Branch				
HNA Tianjin Center Development Co., Ltd.				
Hainan Airlines Tianjin Center Development Co., Ltd. Tangla Yaxiu Hotel				
Total	574,780.34	364,134.34	574,780.34	364,134.34
Other receivables:				
HNA Aviation Management Services Co., Ltd.				
Dongguan Yujingwan Restaurant	48,255.85	48,255.85	48,255.85	48,255.85
Jilin Tourism Group Co., Ltd. Zijinghua Restaurant	1,117,047.84	1,117,047.84	1,117,047.84	1,117,047.84
Yunnan Tonghui Hotel Management Co., Ltd.				
Hainan HNA Business Services Co., Ltd.	8,055.00	8,055.00	8,055.00	8,055.00
Nikko Hotel, Dalian Changjiang Plaza Co., Ltd.	4,895,062.77	1,300,593.99	4,895,062.77	1,300,593.99
Hangzhou Huating Yunxi Holiday Hotel Co., Ltd.				
Changchun Noble Hotel Co., Ltd.	368.00	368.00	368	368
Total	6,068,789.46	2,474,320.68	6,068,789.46	2,474,320.68

(2) Accounts payable

Unit: RMB

Item	Balance at end of year	Balance at beginning of year
Accounts payable:		
Hainan Airlines Tianjin Center Development Co., Ltd. Tangla Yaxiu Hotel		
HNA Tianjin Center Development Co., Ltd.		

Item	Balance at end of year	Balance at beginning of year
Hainan Guoshang Hotel Management Co., Ltd.		
HNA International Hotel Management Co., Ltd.		
HNA Hotel (Group) Co., Ltd.		
Changchun Noble Hotel Co., Ltd.		
Yunnan Tonghui Hotel Management Co., Ltd.		
Dalian Changjiang Plaza Co., Ltd		
Jilin Tourism Group Co., Ltd. Changbaishan Hotel	4,754,530.55	4,754,530.55
Total	4,754,530.55	4,754,530.55
Other payables:		
Jilin Tourism Group Co., Ltd. Zijinghua Restaurant	171,911.92	171,911.92
HNA Hotel Group (Hongkong) Co., Limited	129,640.00	129,640.00
HNA Hotel (Group) Co., Ltd.	20,164.34	20,164.34
HNA Hotel Holding Group Co., Ltd.		
Tunchang Haihang Agricultural Park Investment Co., Ltd.	12,666.00	12,666.00
Great Power Technology Limited		
Beijing Haihongyuan Investment Management Co., Ltd.	4,404,694.69	4,404,694.69
Dongguan Yujingwan Restaurant	8,759,316.73	8,759,316.73
Hainan HNA Business Services Co., Ltd.	1,600.00	1,600.00
Hainan Guoshang Hotel Management Co., Ltd.	10,290.00	10,290.00
HNA Tianjin Center Development Co., Ltd.	5,793,566.01	5,793,566.01
Yunshangtong International Holdings Co., Ltd.	7,997,300.00	7,997,300.00
Hainan Airlines Tianjin Center Development Co., Ltd. Tangla Yaxiu Hotel	368,898.35	368,898.35
Dalian Changjiang Plaza Co., Ltd	24,444,444.60	24,444,444.60
Hainan Yuanxing Ruoshui Industrial Co., Ltd.	2,755.00	2,755.00
HNA Asset Management Group Co., Ltd.		
Antu Business Travel Services Co., Ltd.	3,420.00	3,420.00
Hainan Transservice Management Company Limited	709,034.87	709,034.87
Hainan Hai Na Bai Chuan Equity Investment Fund Management Co., Ltd.	399,814.11	399,814.11
Changchun Noble Hotel Co., Ltd.	501,692.24	501,692.24
Total	53,731,208.86	53,731,208.86
Dalian Changjiang Plaza Co., Ltd (Lease liabilities due within one year)	6,989,347.73	6,989,347.73

X. Commitment and Contingent Events

1. Significant commitment

As at 30 June 2025, the Group has no significant commitment required to be disclosed.

2. Contingent events

As at 30 June 2025, the Group has no significant contingent event required to be disclosed.

XI. Post Balance Sheet Date Events

1. Major non-adjusting events

As at the reporting date, the Group has no other significant post balance sheet date non-adjusting events required to be disclosed.

2. Others

As at the reporting date, the Group has no other material post-balance sheet non-adjustment events that need to be disclosed.

XII. Other important matters

1. Segment information

(1) Basis for determination and accounting policy of reportable segments

According to the Group's internal organization structure, management requirements and internal reporting system, the Group's operating business is divided into two operating segments. The management of the Group regularly evaluates the operating results of these segments to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group has identified two reportable segments, namely enclosed busbar product sales segment and hotel and catering reportable segment. These reportable segments are determined on the basis of the main products and services provided by each reportable segment. The main products and services provided by each reportable segment of the Group are:

A. Sales of enclosed busbar products, mainly producing and selling enclosed busbar products;

B. Hotel and catering industry, mainly producing catering and accommodation (including outward investment in the hotel and catering industry).

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by the segments in reporting to the management, which are consistent with the accounting and measurement basis in the preparation of financial statements.

(2) Financial information on the reportable segments

Item	Sales of enclosed busbar products	Hotel cantering and accommodation	Undistributed	Inter-segment elimination	Total
External operating income	54,869,323.22	22,421,359.61			77,290,682.83
Revenue from inter branch transactions					0.00
Sales expense	3,519,016.75	17,212,927.81			20,731,944.56
Credit impairment loss	295,000.00	12,479.03			307,479.03
Losses on asset impairment					0.00
Total profit (loss)	126,252,441.94	55,329,854.42	155,814,986.55	-162,690,064.00	-6,064,750.72
Total assets	105,383,213.46	196,441,460.15	401,667,275.05	-317,178,709.56	174,707,218.91
Total liabilities	54,869,323.22	22,421,359.61			386,313,239.10

(3) Information on revenue from external transactions

A. Revenue from external transactions

Please refer to Note V.35 for details.

B. Geographic information

All the revenues from external transactions of the Group generated inside the PRC.

C. Information on main customers

The Group has relatively scattered customers, without single customer contributing more than 10% of the transactions with the Group.

2. Other Events

None

XIII. Notes to Major Items in the Financial Statements of the Company

1. Accounts receivable

(1) Accounts receivable measured at amortized cost

Unit:RMB

Item	Balance at end of year			Balance at beginning of year		
	Carrying amount	Provision for bad debt	Book value	Carrying amount	Provision for bad debt	Book value
Accounts receivable	1,423,911.79	1,423,911.79		1,423,911.79	1,423,911.79	
Total	1,423,911.79	1,423,911.79		1,423,911.79	1,423,911.79	

(2) Provision for bad debt

Our company measures loss provisions for accounts receivable, regardless of whether there is a significant financing component, based on the expected credit loss for the entire duration.

①On June 30, 2025, the provision for bad debts in the portfolio:

Combination - Accounts Receivable from External Customers

Unit:RMB

Item	Carrying amount	Expected credit loss rate for the entire duration (%)	Provision for bad debt
Within 1 year (including 1 year)			
1 to 2 years			
2 to 3 years			
over 3 years	1,423,911.79	100.00	1,423,911.79
Total	1,423,911.79	100.00	1,423,911.79

②Changes in bad debt provision

Item	Balance at beginning of year	Provision	Decrease in this period			Balance at end of year
			Recoveries or reversals	Write-off	Other changes	
Accounts receivable	1,423,911.79					1,423,911.79

③The top five ending balances collected by debtor:

Unit	Balance at end of year	Aging	Proportion of total accounts receivable at the end of the period (%)	Combine the two to calculate the ending balance of bad debt provision
Yingkou Chongzheng Electrical Equipment Co., Ltd.	842,551.00	over 5 years	59.17	842,551.00
Shenyang Kaidi Insulation Technology Co., Ltd.	401,960.79	over 5 years	28.23	401,960.79
Aksu Electric Power Co., Ltd. Power Switch Plant	65,000.00	over 5 years	4.56	65,000.00
Harbin Binzhou Electric Appliance Co., Ltd.	34,000.00	over 5 years	2.39	34,000.00
Shanghai Huaming Power Equipment Co., Ltd.	20,000.00	over 5 years	1.40	20,000.00
Total	1,363,511.79		95.76	1,363,511.79

2. Other receivables

Unit:RMB

Item	Balance at end of year	Balance at beginning of year
Other receivables	2,488,323.49	1,212,024.71

(1) Other receivables

Unit:RMB

Item	Balance at end of year			Balance at beginning of year		
	Carrying amount	Provision for bad debt	Book value	Carrying amount	Provision for bad debt	Book value
Other receivables	317,192,749.28	314,704,425.79	2,488,323.49	315,916,450.50	314,704,425.79	1,212,024.71

① Provision for bad debt

A. On June 30, 2025, the bad debt provisions for other receivables in the first stage are as follows:

Unit: RMB

Item	Carrying amount	Expected credit loss rate in the next 12 months%	Provision for bad debt	Reason
Separate provision:				
Combination 1	23,750.00	30.00%	7,125.00	Recovery possibility
Total	23,750.00	30.00%	7,125.00	

B. As of June 30, 2025, the bad debt provisions for other receivables in the third stage are as follows:

Unit: RMB

Item	Carrying amount	Expected credit loss rate in the next 12 months%	Provision for bad debt	Reason
Separate provision:				
Combination 1	315,892,609.36	99.62%	314,697,300.79	Recovery possibility
Total	315,892,609.36	99.62%	314,697,300.79	

② Change for Provision for bad debt

Unit: RMB

Provisions for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Lifetime expected credit losses (not credit impaired loans)	Lifetime expected credit losses (credit-impaired loans)	
Balance at beginning of year	368,280.26		316,921,710.05	317,289,990.31
Balance at beginning of year				
—Transferred to Phase I				
—Transferred to Phase II				
—Transferred to Phase III	-365,905.26		365,905.26	
Provision for the year	4,750.00			4,750.00
Reversal for the year			2,590,314.52	2,590,314.52
Written-off for the year				
Charge off for the year				
Other changes				
Balance at end of year	7,125.00		314,697,300.79	314,704,425.79

③ Classified by nature of payment

Unit:RMB

Nature of the amount	Balance at end of year	Balance at beginning of year
Litigation from Benxi Iron & Steel (Group) Co., Ltd.	76,090,000.00	76,090,000.00
Deposits and deposits	240,649,853.49	239,436,704.10
Current payments and others	1,027,895.79	389,746.40
Total	317,192,749.28	315,916,450.50
Subtract: Provisions for bad debt	314,704,425.79	314,704,425.79
Total	2,488,323.49	1,212,024.71

④ Top five other receivables by debtor at the end of the year

Unit:RMB

Name of Company	Is it a related party	Nature of accounts	Balance at end of year	Aging	Proportion of the total balance of other receivables at the end of the year (%)	Balance of provision for bad debt at the end of the year
Hainan Garden Lane Flight Hotel Management Co., Ltd.	YES	Accounts receivable (already sued)	109,558,848.14	over 5 years	34.54	110,115,298.58
Great Talent Technology Limited	YES	Accounts receivable	79,298,247.36	over 5 years	25.00	79,298,247.36
Litigation from Benxi Iron & Steel (Group) Co., Ltd.	NO	Accounts receivable	76,090,000.00	over 5 years	23.99	76,090,000.00
Shenyang Kaiyi Electric Co., Ltd.	YES	Accounts receivable	45,269,516.60	1 to 4 years	14.27	42,641,436.50
Northeast Electric (Chengdu) Electric Engineering Design Co., Ltd.	YES	Accounts receivable	6,229,207.28	More than 3 years	1.96	6,228,207.28
Total			316,445,819.38		99.76	271,731,753.22

3. Long-term equity investments

(1) Classification

Unit:RMB

Item	Balance at end of year			Balance at beginning of year		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investment in subsidiaries	173,305,837.52	169,818,485.02	3,487,352.50	173,305,837.52	169,818,485.02	3,487,352.50
Total	173,305,837.52	169,818,485.02	3,487,352.50	173,305,837.52	116,869,364.49	56,436,473.03

(2) Investment in subsidiaries

Unit:RMB

Investee	Balance at beginning of year	Increment	Decrement	Balance at end of year
Northeast Electric Development (HK) Co., Ltd.	156,699,451.63			156,699,451.63
Shenyang Kaiyi Electric Co., Ltd.	100,000.00			100,000.00
Great Talent Technology Limited	16,506,385.89			16,506,385.89
Total	173,305,837.52			173,305,837.52
Less: Provision for impairment of long-term equity investments				
Northeast Electric Development (HK) Co., Ltd.	155,891,571.07			155,891,571.07
Shenyang Kaiyi Electric Co., Ltd.	100,000.00			100,000.00
Great Talent Technology Limited	13,826,913.95			13,826,913.95
Total	169,818,485.02			169,818,485.02
Net value of long-term equity investment				
Northeast Electric Development (HK) Co., Ltd.	807,880.56			807,880.56
Shenyang Kaiyi Electric Co., Ltd.				
Great Talent Technology Limited	2,679,471.94			2,679,471.94
Total	3,487,352.50			3,487,352.50

XIV. Information

1. Breakdown of extraordinary profit or loss for the year

Item	Amount	Remarks
Profit or loss on disposal of non-current assets		
Tax return/exemption with ultra vires approval/or no official approval		
Government grant taken into profit or loss for the period (except for those closely related to business of the Company and those granted by the government in fixed amount or quantity according to national standards)		
Fund appropriation fees charged on non-financial enterprise taken into profit or loss for the period		
Revenue generated when cost of investment is less than fair value of identifiable net assets acquired when acquiring subsidiary, associates, or joint venture		
Profit or loss of non-monetary asset swap		
Profit or loss from entrusting third party to invest or manage asset		
Provision for impairment on assets due to force majeure, such as natural disaster		
Profit or loss on debt restructuring		
Expenses on reorganization of enterprise, such as settlement expense for employees and combination expenses		
Profit or loss over difference between fair value and inappropriate transaction price		
Net profit or loss arising from business combination under common control in relation to the period from the beginning of the year to the date of combination		
Profit or loss by contingent events non-related to normal business of the Group		
Except for effective hedging related to the operation of the Company, profit or loss arising from changes in fair value of financial assets or liabilities held for trading, derivative financial assets or liabilities, and investment income from disposal of financial assets or liabilities held for trading, derivative financial assets or liabilities, as well as other debt investments		
Reversal of provision for accounts receivable and contract assets under separate impairment test		
Profit or loss on entrusted loans		
Profit or loss on subsequent measurement at fair value for investment properties		
Impact on current profit or loss by non-recurring adjustment according to laws and regulations on tax and accounting		
Trustee fee by entrusted operations		
Other non-operating incomes and expenses except for the above-mentioned	-15,734.74	
Other items complying with definitions of extraordinary profit or loss		
Subtotal	-15,734.74	

Item	Amount	Remarks
Amount of impact on income tax		
Impact on minority interests (after tax)		
Total	-15,734.74	

2. Return on net assets and earnings per share

Profit for the period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders		-0.0059	-0.0059
Net profit attributable to ordinary shareholders after deduction of extraordinary profit or loss		-0.0070	-0.007

Note: There's no weighted average return on net assets in this period as weighted average net assets are in red.

Chapter 10 DOCUMENTS AVAILABLE FOR INSPECTION

- (I) The originals of financial statements signed and sealed by the Company representative, chief financial officer and head of financial department (accounting supervisor) of the Company;
- (II) The original audit report (if any) bearing the seal of the accounting firm and the signature and seal of the certified public accountant;
- (III) The originals of all Company documents and announcements publicly disclosed on the designated information disclosure platform during the reporting period.



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