

# 大金重工股份有限公司

## Dajin Heavy Industry Co., Ltd.

(a joint stock company incorporated in the People's Republic of China with limited liability)

**Stock Code : 1081**



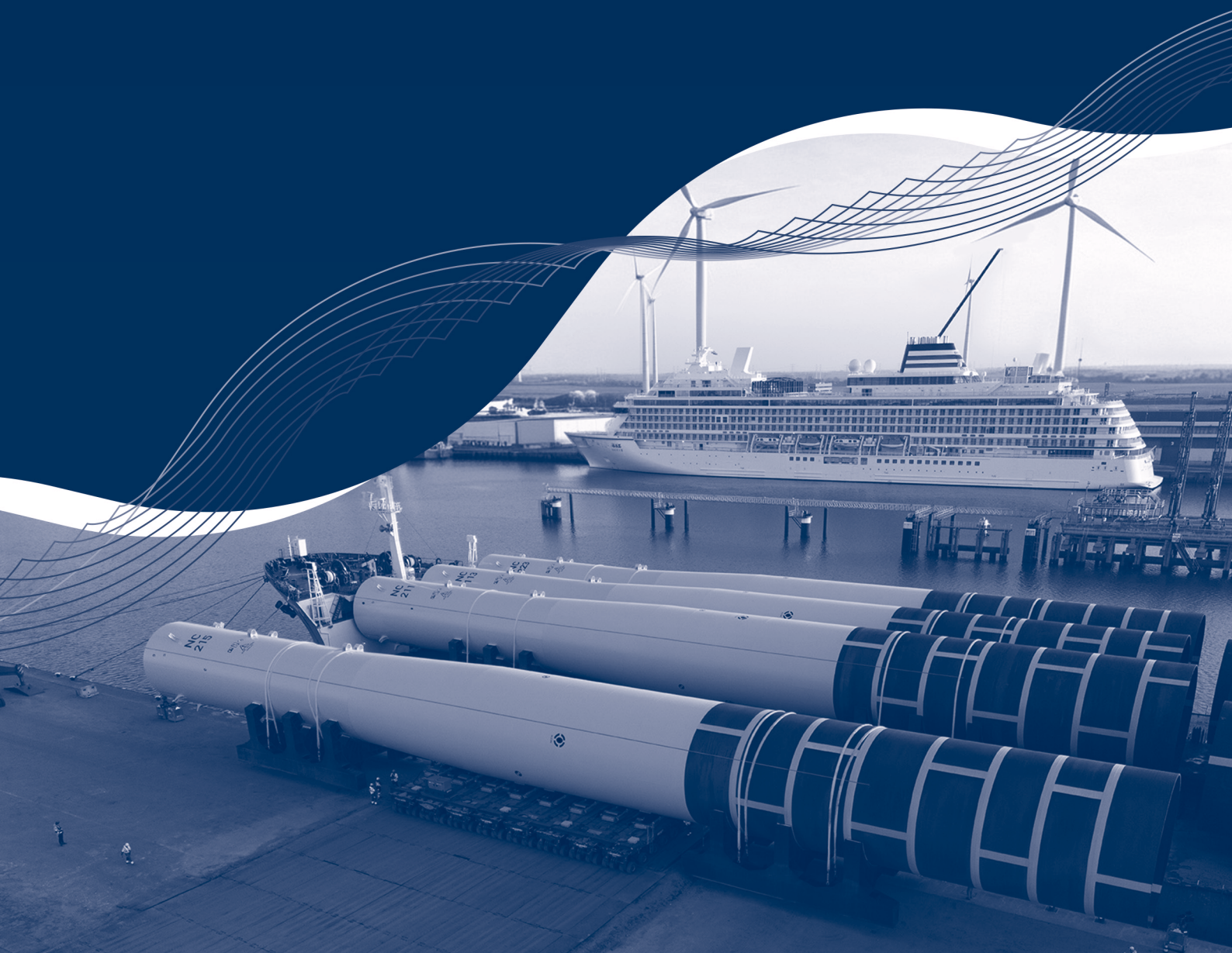
# 2026

## INTERIM REPORT



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. JIN Xin (Chairman)  
Mr. SUN Xiaole (General manager)  
Ms. LIU Aihua (Deputy general manager and chief financial officer)  
Mr. LI Xin (Deputy general manager)  
Mr. JIANG Haitao

### Independent Non-executive Directors

Mr. CAI Meng  
Mr. QU Guangjie  
Ms. ZHANG Wei  
Ms. LU Qiannan

## AUDIT COMMITTEE

Ms. ZHANG Wei (Chairwoman)  
Mr. QU Guangjie  
Mr. CAI Meng

## REMUNERATION AND APPRAISAL COMMITTEE

Mr. CAI Meng (Chairman)  
Ms. LIU Aihua  
Ms. LU Qiannan

## NOMINATION COMMITTEE

Mr. QU Guangjie (Chairman)  
Mr. SUN Xiaole  
Ms. ZHANG Wei

## STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE

Mr. Jin Xin (Chairman)  
Mr. SUN Xiaole  
Mr. Qu Guangjie

## AUTHORISED REPRESENTATIVES

Mr. JIN Xin  
Mr. LAU Kwok Yin

## JOINT COMPANY SECRETARIES

Ms. GE Xin  
Mr. LAU Kwok Yin

## REGISTERED OFFICE IN THE PRC

No. 155, Xinqiu Street  
Xinqiu District  
Fuxin, Liaoning Province  
PRC

## HEADQUARTERS IN THE PRC

No. 1102, East Tower  
China Overseas Plaza  
Building 7, Yard 8  
Yongdingmen Outer Street  
West Riverside Road  
Dongcheng District, Beijing  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai, Hong Kong

## HONG KONG H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## HONG KONG LEGAL ADVISER

Kirkland & Ellis  
26th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## CORPORATE INFORMATION

### PRC LEGAL ADVISER

Hai Run Law Firm  
17/F, Broadcasting Tower  
No. 14A, Jianwai Avenue  
Chaoyang District  
Beijing  
PRC

### COMPLIANCE ADVISOR

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

### STOCK CODE

Hong Kong Stock Exchange: 1081  
Shenzhen Stock Exchange: 002487

### COMPANY WEBSITE

[www.dajin.cn](http://www.dajin.cn)

# FINANCIAL HIGHLIGHTS

## KEY FINANCIAL PERFORMANCE AND ACCOUNTING DATA

Retrospective adjustment to or restatement of the accounting data for prior years by the Company

☐ Yes ☒ No

|                                                                                                                | <u>This Reporting Period</u> | <u>Same Period of Last Year</u> | Increase/Decrease in This Reporting Period over the Same Period of Last Year |
|----------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------|------------------------------------------------------------------------------|
| Operating revenue (RMB)                                                                                        | <b>3,252,515,191.59</b>      | 2,841,139,262.44                | 14.48%                                                                       |
| Net profit attributable to shareholders of the listed company (RMB)                                            | <b>600,567,001.92</b>        | 546,515,412.75                  | 9.89%                                                                        |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains/losses (RMB) | <b>588,541,719.64</b>        | 562,814,209.18                  | 4.57%                                                                        |
| Net cash flows from operating activities (RMB)                                                                 | <b>1,532,688,057.64</b>      | 237,974,178.54                  | 544.06%                                                                      |
| Basic earnings per share (RMB per share)                                                                       | <b>0.94</b>                  | 0.86                            | 9.30%                                                                        |
| Diluted earnings per share (RMB per share)                                                                     | <b>0.94</b>                  | 0.86                            | 9.30%                                                                        |
| Weighted average return on net assets                                                                          | <b>7.02%</b>                 | 7.25%                           | Decreased by 0.23 percentage points                                          |

|                                                                     | <u>At the End of This Reporting Period</u> | <u>At the End of Last Year</u> | Increase/Decrease at the End of This Reporting Period over the End of Last Year |
|---------------------------------------------------------------------|--------------------------------------------|--------------------------------|---------------------------------------------------------------------------------|
| Total assets (RMB)                                                  | <b>21,705,791,893.25</b>                   | 14,490,551,847.73              | 49.79%                                                                          |
| Net assets attributable to shareholders of the listed company (RMB) | <b>14,437,167,770.65</b>                   | 8,280,290,189.48               | 74.36%                                                                          |

## FINANCIAL HIGHLIGHTS

### DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND INTERNATIONAL ACCOUNTING STANDARDS

#### 1. Differences in net profits and net assets in the financial report disclosed simultaneously according to the international accounting standards and PRC accounting standards

☐ Applicable    ☒ Not applicable

During the Reporting Period, there is no difference in net profits and net assets in the financial report disclosed by the Company according to the international accounting standards and PRC accounting standards.

#### 2. Differences in net profits and net assets in the financial report disclosed simultaneously according to foreign accounting standards and PRC accounting standards

☐ Applicable    ☒ Not applicable

During the Reporting Period, there is no difference in net profits and net assets in the financial report disclosed by the Company according to foreign accounting standards and PRC accounting standards.

### NON-RECURRING GAIN/LOSS ITEMS AND AMOUNTS

☒ Applicable    ☐ Not applicable

Unit: RMB

| Item                                                                                                                                                                                                                                                                                                                            | Amount        | Explanations |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------|
| Gain/loss from disposal of non-current assets, including the portion offset from the provision for impairment of assets                                                                                                                                                                                                         | 6,993,765.17  | /            |
| Government grants recognized in profit or loss (excluding government grants that are closely related to the Company's normal business operations, comply with national policies, and are enjoyed according to determined standards, and have a continuous impact on the Company's profit or loss)                               | 3,800,392.68  | /            |
| Gain/loss arising from changes in fair value of the financial assets and financial liabilities held by non-financial enterprises; and gain/loss arising from the disposal of financial assets and financial liabilities; except for those arising from the effective hedging business related to the Company's normal operation | 6,461,872.73  | /            |
| Gain/loss from debt restructuring                                                                                                                                                                                                                                                                                               | -217,350.82   | /            |
| Other non-operating income and expenses other than the above items                                                                                                                                                                                                                                                              | -5,724,314.17 | /            |
| Other gain/loss items meeting the definition of non-recurring gain/loss                                                                                                                                                                                                                                                         | 4,518,977.67  | /            |
| Less: Income tax impact                                                                                                                                                                                                                                                                                                         | 3,808,060.98  | /            |
| Total                                                                                                                                                                                                                                                                                                                           | 12,025,282.28 | /            |

## FINANCIAL HIGHLIGHTS

Details of other profit or loss items that meet the definition of non-recurring profit or loss:

☒ Applicable   ☐ Not applicable

| Item                                          | Amount for This Period (RMB) |
|-----------------------------------------------|------------------------------|
| Additional deduction of input VAT             | 4,174,602.05                 |
| Refund of individual income tax handling fees | 341,375.62                   |
| Others                                        | 3,000.00                     |

Explanation on defining the non-recurring profit or loss items listed in the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Profit or Loss" 《公開發行證券的公司信息披露解釋性公告第 1 號 – 非經常性損益》 as recurring profit or loss items

☐ Applicable   ☒ Not applicable

The Company has not defined the non-recurring profit or loss items listed in the "Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities – Non-recurring Profit or Loss" 《公開發行證券的公司信息披露解釋性公告第 1 號 – 非經常性損益》 as recurring profit or loss items.

# MANAGEMENT ANALYSIS AND DISCUSSION

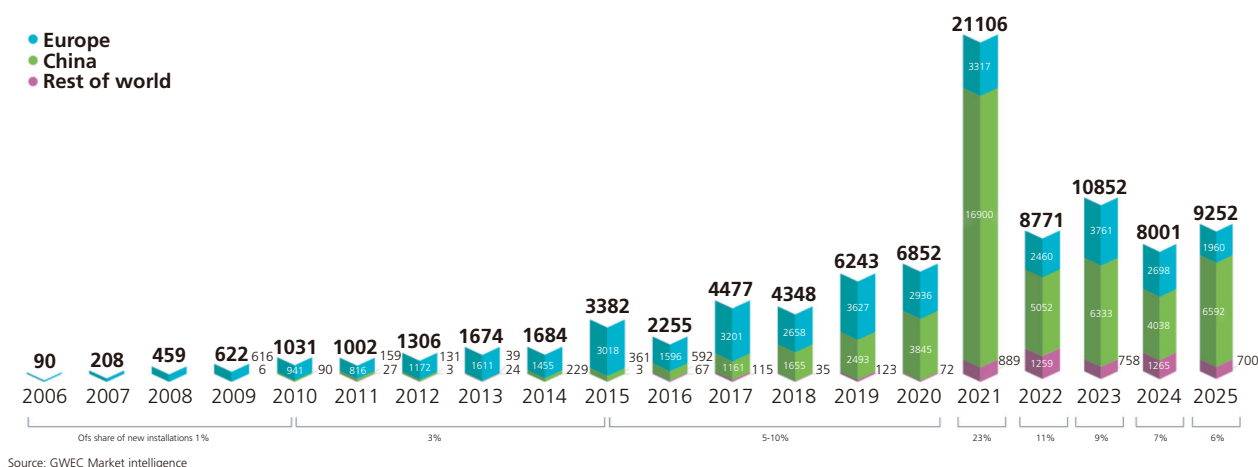
## I. PRINCIPAL BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD

### (I) Industry Overview

1. **European energy security concerns have elevated offshore wind power to an essential component of energy independence.**

The Company's core market is the European offshore wind power market. According to a report by GWEC (Global Wind Energy Council), the blockade of the Strait of Hormuz has led to the redefinition of offshore wind power as "critical energy security infrastructure." The rationale is that offshore wind power is anchored to the seabed of a country, once built, can provide stable electricity for the next 30 years, unaffected by geopolitical risks, supply chain disruptions, or commodity price fluctuations. GWEC calls on nations to grant offshore wind "critical national infrastructure" status to accelerate permitting and reduce financing costs, during which process the opportunities for Chinese equipment exports become increasingly prominent.

New offshore wind installations (MW)

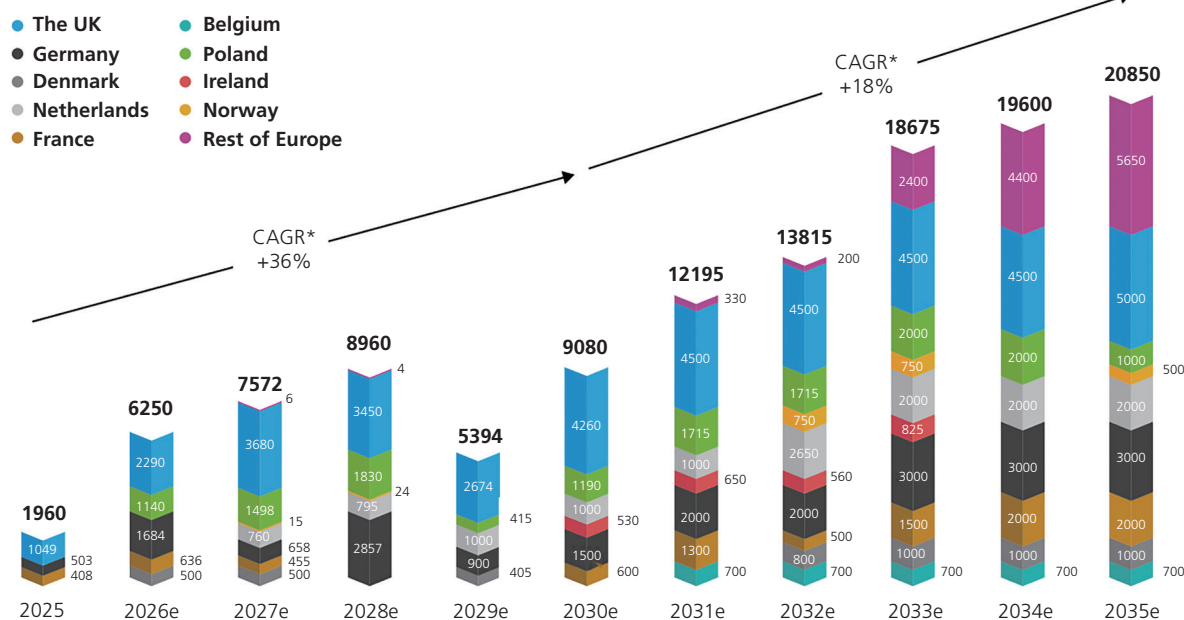


Global New Installations of Offshore Wind (Unit: MW)



# MANAGEMENT ANALYSIS AND DISCUSSION

New offshore wind installations, Europe (MW)



\*Compound Annual Growth Rate. Source: GWEC Market Intelligence, June 2025

## Forecast of New Installations of Offshore Wind in Europe (Unit: MW)

Europe is the global center for offshore wind technology and innovation. However, constrained by varying factors such as permitting pace, grid connection arrangements, and supply chain capacity across countries, Europe's new offshore wind installations in 2025 reached only 2GW, with cumulative installed capacity of 38GW. The key reason behind the shortfall relative to 2025 installation targets lies in the severe lag in scaled delivery. By 2030, Europe's projected cumulative offshore wind installed capacity is approximately 73GW, with average annual grid-connected capacity of approximately 7-8GW over the next five years. The realization of this target is predicated on the effectiveness of supply chain investment and regulatory reform.

For 2026-2035, the total projected new installations in Europe are 122GW, of which 30% (approximately 37GW) is expected in 2026-2030 and 70% (approximately 85GW) in 2031-2035. By country distribution: the United Kingdom (39GW), Germany (21GW), Poland (15GW), the Netherlands (13GW), France (9GW), and Denmark (5GW) occupy dominant positions.

2. **Europe's cumulative auctioned project pipeline is substantial, while the CfD (Contract for Difference, a government-backed long-term contractual mechanism between a power generator and a designated counterparty) mechanism still requires broader implementation and effective reform measures. Intensive auction activity is expected in Europe from the second half of 2026 through early 2027.**

**(1) European offshore wind auctions have been active since the beginning of this year, with auction results in the United Kingdom and Denmark exceeding expectations.**

The UK's AR7 (seventh round of offshore wind auctions) represents a historic milestone in scale deployment. The UK awarded a record 8.4GW of offshore wind installed capacity in early 2026, the largest single offshore wind auction in European history, with 19 projects participating in the competition. In terms of strike prices, fixed-bottom projects averaged £91.20/MWh (England and Wales) and £89.49/MWh (Scotland); floating wind project prices reached £216.49/MWh, all representing significant increases compared to the previous round of subsidy prices. Among the winning developers in this round: RWE was the biggest winner, securing approximately 6.9GW of capacity; SSE Renewables, Blue Gem Wind, and CIP also secured substantial project volumes.

## MANAGEMENT ANALYSIS AND DISCUSSION

Denmark's offshore wind auction results announced in August 2026 stand in stark contrast to the 2024 situation where no bids were received. The winning bidder was Swedish developer Vattenfall, which secured the development rights for two sites: Nordsøen Midt (1GW) and Hesselø (800MW). The bid prices were €67.42/MWh and €72.50/MWh respectively. The auction was oversubscribed, indicating a recovery in market confidence. The key to the success of this auction was the adoption of a more rational two-sided CfD model, which serves to effectively mitigate the risks associated with project development and operation.

- (2) From the second half of 2026 through early 2027, Europe will see intensive auction activity, including France's approximately 10GW large-scale offshore wind auction (AO10) and the Netherlands' 2GW project, among others.**

The French government officially launched the "AO10" super-tender in June of this year, one of the largest offshore wind tenders globally in recent times, comprising 11 projects with total installed capacity exceeding 10GW, with approximately 5GW each for fixed-bottom and floating wind. Winner selection is expected in February 2027.

The Crown Estate has initiated an accelerated re-tendering process for the 1.5GW Morgan offshore wind project to fill the vacancy left by the original developer's withdrawal. The project has obtained development consent, and a new preferred bidder is expected to be selected before the end of 2026.

Additionally, it is noteworthy that Germany's offshore wind subsidy mechanism is undergoing a fundamental reform aimed at fully rebuilding investor confidence in its offshore wind market, transitioning from a model that previously may have led to "zero bids" toward adopting a two-sided CfD. The specific scheme has not yet been finalized. The German Offshore Wind Energy Association (BWO) and several offshore wind developers generally believe that the correct reform direction is to introduce two-sided CfD, thereby providing long-term price certainty for multi-billion-euro long-cycle projects and improving financing conditions. Germany is expected to restart offshore wind auctions in 2027.

The Netherlands plans to restart offshore wind auctions in the second half of 2026, with the auction scale having expanded from the initial 1GW to 2GW. The tender is expected to launch in September 2026, with the application window remaining open until December 2026. The final award decision and permits are expected to be announced in the first quarter of 2027.

- (3) In emerging markets: South Korea auctioned approximately 1.8GW of offshore wind capacity in the first half of 2026, and the Philippines launched its first dedicated offshore wind auction targeting 3.3GW of offshore wind capacity allocation.**

**3. For sea areas with water depths exceeding 50-60 meters, fixed-bottom wind turbine construction costs increase dramatically, making floating foundations the only viable technical pathway.**

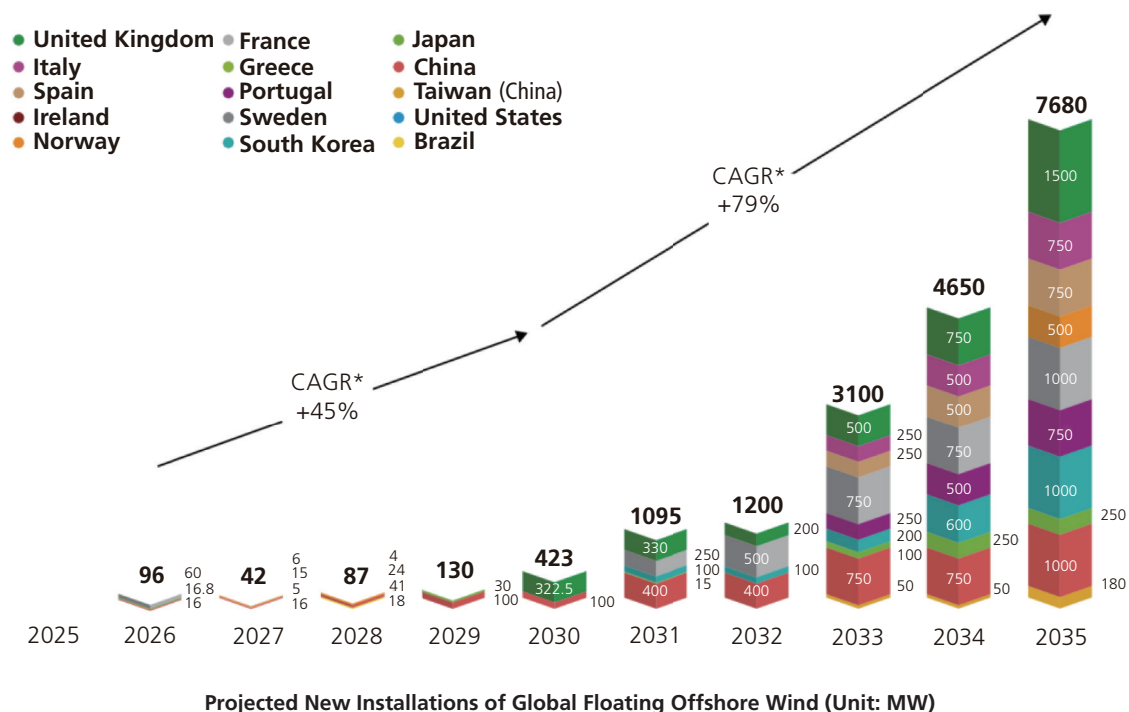
According to GWEC reports, nearly 80% of global offshore wind energy resources are located in waters deeper than 60 meters, where fixed-bottom foundations are technically unable to reach. Floating foundations represent the only viable technical pathway for developing these resources. Floating offshore wind remains the critical pathway to addressing nearshore resource saturation and supporting global energy transition.

The industry generally expects that 2009-2020 was the demonstration and testing phase for floating wind (the first prototype was tested in Norway), 2021-2025 was the initial commercialization phase, and post-2026 will be the accelerated commercialization phase. The commercial inflection point for floating wind is expected to arrive around 2030, at which time it will begin entering a phase of scaled development. To achieve this goal, the industry is focusing on breakthroughs in three core technologies: platform designs better adapted to larger wind turbines, cost-reducing innovative technologies, and more reliable mooring systems.

Regarding global floating wind installation forecasts: according to GWEC data, cumulative installations by end of 2025 were only 0.3GW, with rapid volume increases beginning in 2030 and reaching 18.8GW by 2035, with a compound annual growth rate of new installations from 2030 to 2035 expected to be as high as 79%. By country distribution, the United Kingdom, China, France, South Korea, and Portugal are expected to become the top five floating wind markets.

## MANAGEMENT ANALYSIS AND DISCUSSION

New floating wind installations, Global (MW)\*\*



#### 4. Era-defining opportunities and core challenges facing the deep-water offshore wind power value chain

The global energy transition continues to accelerate. With its excellent resource endowment, stable output, and no occupation of onshore construction land, offshore wind power has become a core pillar of global clean energy growth. According to an industry report published by Wind Europe in February 2026, Europe's new wind power installations for 2026-2030 are expected to reach 151GW, with offshore wind accounting for a significant proportion. Core European markets including the United Kingdom, Germany, and France continue to introduce supportive policies; the UK has explicitly raised its 2030 cumulative offshore wind deployment target to 43-50GW.

Industry development exhibits two definitive trends: (1) Trend towards larger turbine sizes: mainstream turbine models for new European offshore wind projects have iterated to 14-15MW, with 20MW-class turbine prototypes having completed R&D and expected to achieve commercial application progressively over the next three years; (2) Development moving to deep-water offshore areas: as quality nearshore wind resources approach saturation, industry development focus is shifting toward deep-water offshore areas with water depths exceeding 50 meters and offshore distances exceeding 30 kilometers, imposing entirely new standards on foundation structure specifications, heavy-lift transport vessels, offshore installation equipment, and localized supporting services.

## MANAGEMENT ANALYSIS AND DISCUSSION

The lag in supply chain capacity has become the primary bottleneck constraining the scaled deployment of deep-water offshore wind power: (1) Structural gaps exist in high-end production capacity: effective global production capacity for stable mass production of extra-large diameter monopiles exceeding 12 meters and large jackets is insufficient. Rystad Energy analysis indicates that European monopile production capacity will experience a notable supply gap by 2027, particularly regarding demand for extra-large and extra-heavy monopiles supporting 20MW-class turbines. (2) The industrial service system is relatively fragmented: a single deep-water offshore project requires coordination with more than a dozen different suppliers across manufacturing, logistics, warehousing, and installation, with many multi-party coordination points and high communication costs, readily causing schedule delays and delivery risks. (3) Supply of specialized vessels is tight: the number of professional installation vessels compatible with 20MW-class extra-large turbine foundations is limited, vessel rental rates have continued to rise over the past two years, and most vessel schedules have been locked in advance through 2027. Simultaneously, specialized transport vessels capable of carrying extra-large offshore components are scarce, directly constraining overall project delivery pace. Therefore, integrated solution providers possessing both offshore manufacturing and service capabilities will better meet the market's long-term needs.

### (II) Principal Business During the Reporting Period

The Company is a globally leading provider of core offshore wind power equipment, having been deeply engaged in the new energy industry for nearly two decades, providing integrated solutions across production, transportation, and delivery of wind foundation for major global offshore wind energy developers. The Company has proactively and strategically positioned itself in the global deep-water offshore wind power market, continuously focusing on mainstream offshore wind markets characterized by high technical standards, rigorous quality requirements, and promising commercial potential. Core business segments encompass offshore wind power equipment R&D and manufacturing, heavy marine transportation, ship design and construction, wind and photovoltaic power generation, and wind marshalling port operations, driving effective transformation 'from a product supplier to an integrated solution provider' and providing the 'Dajin Solution' for global green energy development.



# MANAGEMENT ANALYSIS AND DISCUSSION

## (III) Overview of Operating Performance During the Reporting Period

In the first half of 2026, driven by the increase in offshore wind power equipment export delivery volumes, the Company achieved revenue of RMB3.253 billion, a year-on-year increase of 14.48%; net profit of RMB601 million, the highest level for the same period in history, a year-on-year increase of 9.89%; and net cash generated from operating activities of RMB1.533 billion, a year-on-year increase of 544.06%. Revenue from products delivered to overseas markets reached RMB2.675 billion, accounting for 82.25% of total revenue, an increase of 3.3 percentage points, demonstrating the continuously enhancing value contribution of wind power equipment R&D and manufacturing as our core business segment.

During the Reporting Period, all business segments of the Company advanced comprehensively, achieving substantive breakthroughs simultaneously in three segments: wind power equipment manufacturing, heavy marine transportation, and project delivery. New business growth curves are gradually taking shape, with the transformation from a single equipment manufacturer to an integrated “manufacturing + transportation + delivery” one-stop service provider accelerating comprehensively. The synergistic effects and integration value of the four business segments – offshore wind power equipment R&D and manufacturing, heavy marine transportation, ship design and construction, and wind marshalling port operations – are progressively strengthening, effectively reinforcing the Company’s competitive moat for its overseas business.

### 1. **R&D and Manufacturing of Wind Power Equipment: Export wind power equipment delivery volume reached the highest level for the same period in history; large-scale wind power equipment production capacity achieved comprehensive upgrades.**

Offshore wind power equipment R&D and manufacturing is the Company’s core principal business. During the Reporting Period, the Company’s export wind power equipment delivery volume reached nearly 120,000 tons, the highest level for the same period in history, primarily supplied from the Shandong Penglai Offshore Facility to the European offshore wind power market, consisting of wind power monopile foundations and a small portion of towers. All monopile foundation deliveries were conducted under the DAP (Delivered at Place) model. As of the date of this interim report, two voyages of monopile products carried by the Company’s proprietary specialized transport vessel KING ONE have successfully arrived at destination ports.

In the first half of this year, the Hebei Tangshan Caofeidian Deep-sea Offshore Facility officially commenced production and completed its first batch of export offshore wind power monopile manufacturing. The Company’s export wind power equipment production capacity has completed comprehensive upgrades and successfully established the manufacturing-to-delivery process, with comprehensive manufacturing capability for offshore wind power equipment achieving a globally significant lead within the industry. Dajin Heavy Industry’s Hebei Tangshan Caofeidian Deep-sea Offshore Facility is a super-factory for extra-large processing equipment. As the core manufacturing carrier across Dajin Heavy Industry’s full value chain, the Hebei Tangshan Caofeidian Deep-sea Offshore Facility covers an area of over 1,300 mu (approximately 87 hectares). It officially commenced production in 2026, with an annual capacity of approximately 400,000 tons. The facility employs a globally pioneering ultra-wide-span fully enclosed production workshop, enabling all-weather standardized intelligent manufacturing of extra-large wind power equipment, professionally adapted to produce cutting-edge products including extra-large monopiles, floating foundations, and jackets supporting 15-25MW large wind turbines. Production processes and inspection systems are benchmarked against the highest international standards, with multiple international authoritative certifications. The facility is equipped with a dedicated 100,000-ton-class deep-sea port with four heavy-load berths, achieving seamless integration of equipment production, coating, and vessel loading, significantly reducing delivery and transshipment costs and operational risks, providing solid production capacity support for one-stop overseas delivery.

## MANAGEMENT ANALYSIS AND DISCUSSION



**Dajin Heavy Industry Hebei Tangshan Caofeidian Deep-sea Offshore Facility**

**2. Heavy Marine Transportation: KING series specialized transport vessels achieved standardized batch delivery, with proprietary fleet officially in operation.**

During the Reporting Period, the Company's KING series vessel type achieved standardized batch construction, with the proprietary fleet officially entering operation. The KING series are large deck carriers custom-built by Dajin Heavy Industry specifically for transporting offshore wind power, oil and gas, and other marine engineering equipment. The vessels measure 239.8 meters in length overall, 51 meters in breadth, and 13 meters in depth, with a deck working area of 12,000 square meters and maximum deadweight of 40,000 tons. The vessels feature a vertical bulbous bow design with twin-engine twin-propeller configuration, providing excellent navigation stability and maneuverability, capable of speeds up to 13 knots and a cruising range of up to 16,000 nautical miles, efficiently transporting extra-large wind power equipment such as 15MW and above large offshore wind power monopiles and jackets.

## MANAGEMENT ANALYSIS AND DISCUSSION



**In May 2026, the KING ONE commenced its second transoceanic voyage, transporting 11-meter-diameter TP-less monopiles to a port in Europe.**

In February 2026, the Company's first self-designed and self-built extra-large deck carrier "KING ONE" was launched on its maiden voyage, successfully completing the transport mission for its first European monopile project, with the second voyage transport mission also recently completed successfully. The second vessel of the same type, "KING TWO," has been officially delivered and is preparing for its maiden voyage. From the first vessel's technical development through to the efficient construction of the second and third vessels, the Company has formed a mature standardized production process, full-chain supply chain coordination system, and comprehensive quality control mechanism, address industry bottlenecks of single-vessel customization and large cycle fluctuations in marine engineering shipbuilding, achieving orderly sequential construction of same-type vessels and on-schedule contractual delivery, with construction efficiency and cost control capabilities reaching industry-leading levels. Currently, the third vessel of the same type, "KING THREE," has completed launching and is scheduled for delivery in September this year. Within 2026, the Company will achieve full operation of three KING series vessels.

The EMPEROR series is an ultra-wide heavy-load deck carrier vessel purpose-built by the Company for higher transport capacity, representing a comprehensively upgraded vessel type built upon the KING series. The vessel has an overall length of 245 meters, a moulded breadth of 61 meters, a deck area of 13,500 square meters, and a maximum deadweight of 60,000 tons. Equipped with a twin-engine twin-propeller propulsion system and six 3,000 m<sup>3</sup>/h ballast pumps providing robust ballasting capabilities, it is suitable for transporting floating foundations, oil and gas modules, and other ultra-large equipment, enabling transoceanic transportation and global delivery. The EMPEROR series is currently the optimal vessel type in the industry for long-distance ocean transport of such products, and is progressing steadily.

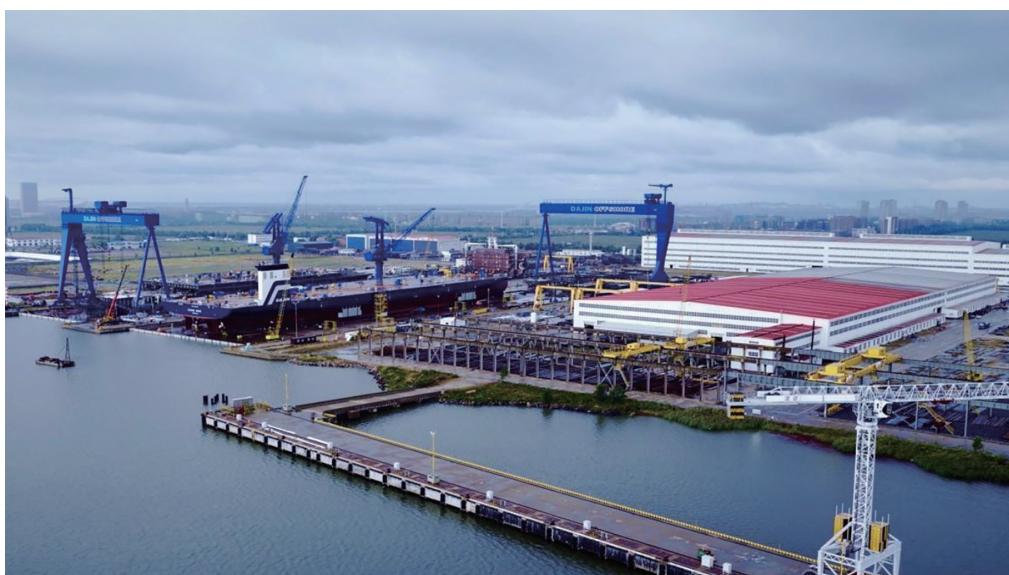
The Company has established a production pattern of multiple vessels in parallel with phased deliveries, with the proprietary heavy marine specialized fleet scale continuing to expand. Leveraging the strategic deployment of both the KING and EMPEROR series, the Company further connects the closed-loop of "equipment manufacturing – shipbuilding – ocean transportation." The scaled proprietary fleet will effectively ensure stable dispatch of domestic and overseas wind power components, enhance supply chain self-sufficiency and controllability, and drive the Company's upgrade toward an EPC (engineering, procurement, and construction) integrated service provider.



## MANAGEMENT ANALYSIS AND DISCUSSION

### 3. Ship Design and Construction: Successfully entered the mainstream shipbuilding market, with orders on hand exceeding RMB10 billion.

Through accumulated experience in constructing and delivering proprietary specialized wind power equipment transport vessels, during the Reporting Period, the Company's shipbuilding segment officially entered the mainstream shipbuilding market, gaining recognition from multiple leading international shipowners from the Netherlands, Greece, Norway, and other countries. From initial contract signing to date, ship orders have continued to increase, with a cumulative total of 24 new vessel construction orders signed, with total contract value of approximately RMB12 billion. The order delivery period spans 2027-2030. The new vessel orders primarily involve large bulk carriers (211,000 deadweight tons), encompassing deck carriers and unpowered semi-submersible ships, with the first multi-purpose heavy-lift ship contract also signed, extending the order range toward high-value-added specialized vessels.



Dajin Heavy Industry Liaoning Panjin Shipbuilding Facility

## MANAGEMENT ANALYSIS AND DISCUSSION

**4. Wind Marshalling Port Operations: Strategic port deployment covering Europe's core offshore wind resource belts, providing systematic offshore wind solutions for customers.**

To enhance localized operational capabilities in key overseas markets, the Company has progressively deployed European wind marshalling port operations, integrating material distribution, equipment assembly, logistics transportation, and operations and maintenance services. The Company has deployed marshalling ports in four locations across Germany, Spain, Denmark, and other countries, covering Europe's three core offshore wind resource belts along the North Sea, Baltic Sea, and Atlantic coast. Currently, several of the Company's signed overseas wind power equipment project contracts already include marshalling port service components, assisting customers in effectively reducing multi-stage coordination costs. In recent years, European offshore wind auction volumes have exhibited high growth momentum. The Company's continued development of marshalling port operations will help connect the Company's domestic high-end production capacity with overseas integrated service delivery capabilities, providing customers with customized and systematic solutions, and accelerating the construction of local offshore wind projects.

**5. Wind and Photovoltaic Power Generation: Existing projects are operating steadily, while new projects under construction are progressing in an orderly manner.**

Since 2020, the Company has progressively extended vertically along the value chain, expanding into downstream new energy power generation. Currently, the Company has constructed and operates the 250MW Liaoning Fuxin Zhangwu Xiliujiazi Onshore Wind Power Project and the Tangshan Shilihai 250MW Aquaculture-PV Complementary Project, with combined grid-connected installed capacity of 500MW. As of the end of June 2026, the aforementioned operating projects have cumulatively achieved electricity supplied to the grid of approximately 525,144,000 kWh this year, corresponding to a reduction of approximately 278,600 tons of carbon dioxide emissions. In addition to existing operating projects, the Company currently has three wind power projects under construction with a combined installed capacity of 950MW. All projects are progressing in an orderly manner. Upon full completion and commissioning of all projects, the Company's clean energy installed capacity will be further expanded, continuing to contribute to green and low-carbon development.



# MANAGEMENT ANALYSIS AND DISCUSSION

## II. CORE COMPETITIVE STRENGTHS ANALYSIS

### (I) Strategic First-Mover Advantages, Evolving from a Globally Well-Known Supplier of Offshore Wind Power Equipment to an Integrated Solution Provider with First-Mover Advantages

The Company is a pioneer of China's wind power industry and a significant participant in the global wind power industry. Over nearly two decades of rapid development, the Company has progressed strategically from onshore wind power steel structures to offshore wind power foundations, and from foundation equipment manufacturing to destination port delivery services. Through rigorous strategic resolve and execution, the Company has continuously iterated in production capacity, customer base, products, and business models, building solid first-mover advantages and driving transformation from a globally well-known supplier of offshore wind power equipment to an integrated solution provider.

Since its founding over twenty years ago, the Company has consistently maintained its commitment to specialization in wind power equipment manufacturing, particularly in the area of offshore wind power equipment, with deep cultivation and long-term planning, pursuing superior markets and higher quality for long-term development. Over the years, through continuous, prudent, and thorough research across different markets and value chain segments, the Company has continuously pursued product iteration and market iteration, making strategic judgments ahead of multiple industry development turning points, pioneering the development of new markets and new products ahead of peer companies.

The Company successfully pioneered entry into the European offshore wind market in 2019, and has consecutively secured multiple overseas wind power equipment project orders since 2022. The Company has deployed a comprehensive global logistics system, with export foundation structure product delivery models progressively "extending from FOB (Free on Board) to DAP (Delivered at Place)". Self-built specialized transport vessels commenced transportation operations in 2026, and completed two shipments of monopile products. In marshalling port operations, the Company has deployed multiple marshalling ports in Europe, providing localized supporting services to customers, and will continue to expand coverage in the future, achieving broader coverage of North Sea, Baltic Sea, and Atlantic coast offshore wind projects. In the offshore installation segment, the Company focuses on foundation installation vessels, which are in short supply and command high rental rates, having signed cooperation agreements with domestic shipbuilding companies, European offshore wind engineering technical service providers, and European project owners, progressively building internationally competitive European offshore wind foundation transportation and installation service capabilities.

Looking forward, the Company will connect the full chain of "Manufacturing + Transportation + Marshaling + Installation Vessel," building an integrated delivery closed-loop system with land-sea coordination. Through continuous iteration in process technology innovation and business models, the Company aims to become a driver of industry development.

In terms of value chain deployment, while deploying domestic export wind power equipment facilities at Penglai, Tangshan, and Panjin, the Company is actively deploying European overseas facilities. Building a global strategic marketing system based in Europe, the Company has established multiple permanent overseas offices in Europe, Japan, South Korea, Australia, and other regions, building a marketing service network covering all major global offshore wind development regions.

## MANAGEMENT ANALYSIS AND DISCUSSION

### **(II) Production Capacity Leadership, Owning One of the World's Largest Offshore Foundation Manufacturing Cluster**

With the trend towards larger turbine sizes and deep-water offshore development, combined with the high delivery standards required by overseas projects, higher requirements are imposed on suppliers' site scale, port conditions, and equipment capabilities.

Wind power equipment products require production and storage areas that are sufficiently large and located near ports. The Company's Shandong Penglai Offshore Facility possesses a 570,000-square-meter specialized manufacturing base for offshore wind towers, monopile foundations, and deep-sea jackets, equipped with two 100,000-ton-class heavy-load berths. The primary products of the Penglai facility are offshore towers and monopile foundations suitable for 10-15MW wind turbines. Advanced equipment provides excellent machining precision and operational stability, forming the foundational guarantee for delivering high-quality products to customers. Through multiple phases of technical upgrades, the Shandong Penglai Offshore Facility has achieved technology and equipment upgrades ahead of product iterations. The Company has invested substantial capital at the Penglai facility in procuring a full suite of advanced equipment including 1,000-ton gantry cranes, imported plate rolling machines and triple-wire welding machines, and fully automated edge milling machines, effectively meeting the higher requirements of European offshore wind marine engineering projects for product quality as well as production and delivery efficiency. The Hebei Tangshan Caofeidian Deep-sea Offshore Facility covers an area of over 1,300 mu, with more than 50% of equipment being proprietary-developed and production automation rates exceeding 60%. It primarily produces extra-large and extra-heavy monopile foundations, jackets, floating foundations, and other products suitable for 15-25MW wind turbines. The Tangshan facility includes two large indoor production areas, is adjacent to a deep-sea port, possesses four heavy-load berths and expansive storage yards, and can meet global offshore wind product demand for the next ten years. Superior deep-sea harbor facilities are the gateway for shipping wind power equipment products worldwide and supporting the future development of offshore wind. Both the Penglai and Tangshan facilities possess the dual scarce conditions of deep-sea ports and open port certification, forming strong barriers for offshore wind power exports. The Company's Liaoning Panjin Shipbuilding Facility covers approximately 1,000 mu, with total building area of approximately 150,000 square meters. Adjacent to the north bank of the Liao River and close to the river's estuary, it possesses two large slipways and one specialized outfitting dock, positioned as a marine engineering vessel construction base that will provide production capacity support for building the Company's global logistics system.

### **(III) Heavy Marine Transportation Capabilities Empowering the Manufacturing Stage, Forming Unique Competitive Advantages**

In offshore wind project construction and operations, heavy-lift marine transport capability is a core determinant of project cost control and delivery efficiency. Currently, global specialized heavy-load vessel resources are scarce with tight transport capacity, and marine freight rates continue to rise. Simultaneously, core equipment such as wind foundations and towers possess extra-large, extra-heavy, and ultra-wide characteristics, imposing stringent requirements on port conditions, loading and unloading scheduling, and transport coordination capabilities, creating significant industry transportation barriers.

## MANAGEMENT ANALYSIS AND DISCUSSION

To strengthen core competitive advantages, the Company has upgraded its overseas offshore wind power equipment delivery model, iterating from the traditional FOB (Free on Board) model to the DAP (Delivered at Place) delivery model. Extending the business chain from previously only being responsible for product manufacturing, the Company has achieved an integrated service closed-loop from equipment manufacturing to end delivery. Leveraging deep industry technical expertise and efficient coordination capabilities, the Company can provide customers with one-stop “door-to-door” services encompassing vessel booking, loading and unloading, ocean shipping, and delivery, building a heavy marine engineering logistics solution covering vessel type R&D, transport planning, marine engineering design, and specialized port operations, further enhancing overseas project profitability margins and forming differentiated competitive barriers with all-round control over manufacturing costs, transportation costs, and delivery timelines.

Based on deep understanding of offshore wind equipment characteristics and industry specialized transport requirements, the Company continues to deploy proprietary specialized transport capacity. The Company has independently designed and built two extra-large deck carriers, with both vessels’ monopile products successfully arriving at destination ports, and subsequent vessel construction progressing steadily. The proprietary specialized fleet can effectively free the Company from external shipping market capacity and schedule fluctuations, enabling autonomous coordination of transport planning. This both stabilizes project delivery timelines and reduces comprehensive transportation costs, while continuously enhancing customer service value, further consolidating the Company’s core competitive advantages in overseas markets.

### **(IV) Continuous Innovation in Technology and Processes Benchmarked Against International Standards, Ensuring High-Standard Delivery of Export Projects**

European offshore wind technology represents the global frontier of marine engineering technology, and its systematic construction standards also lead other countries and regions. The technology barriers for offshore wind power equipment are progressively rising, with process quality breakthroughs combined with technological innovation capabilities becoming the Company’s greatest reliance for international development. As the earliest Chinese enterprise to provide wind power equipment to overseas customers in the industry, the Company has accumulated quality control capabilities benchmarked against international standards over many years to meet international customers’ high-quality standard requirements and rigorous certification systems.

As the earliest enterprise to provide offshore wind equipment overseas, the Company has pioneered breakthroughs in numerous process quality challenges, establishing three core technology systems centered on precision control, welding technology, and anti-corrosion treatment. Under extremely stringent process standards and quality requirements, the Company has achieved multiple breakthroughs from zero to one, successfully mastering highly challenging manufacturing processes such as TP-less monopiles (foundations without a transition piece) and extra-large monopiles with diameters exceeding 16 meters, proficiently mastering core technologies including flange and complex structural component precision control, thick plate longitudinal and circumferential seam welding, and efficient anti-corrosion treatment. The Company has accumulated proprietary technological innovation capabilities, establishing a batch production and delivery system for executing European marine engineering projects, achieving stable batch production and delivery of products to high standards.

## MANAGEMENT ANALYSIS AND DISCUSSION

### (V) Premium Overseas Customer Resource Advantages

Since entering the European offshore wind market in 2019, the Company has accumulated premium mainstream European customer resources through overseas market development, international customer quality audits, and continuous project delivery. With strong comprehensive competitive capabilities, the Company has become a first-tier enterprise in the global wind power equipment manufacturing industry, establishing strong brand recognition. The Company's products are exported to more than 30 countries and regions globally, including the United Kingdom, Germany, France, Denmark, Japan, South Korea, Vietnam, Italy, Chile, Norway, Finland, India, Canada, and Australia, earning premium reputation and market recognition through outstanding product quality and comprehensive service systems. While maintaining existing competitive strength in European markets, the Company is continuously expanding and accepting new overseas customer certifications in Europe, Japan, South Korea, Australia, Southeast Asia, and other regions. The Company maintains a leading global position in terms of the scale of its overseas order backlog.

### (VI) Internationally Competitive Talent Structure Advantages

Through external recruitment and internal cultivation, the Company has established a high-caliber management team with international vision, a technically proficient industrial workforce, and a globalized management team, with talent structures becoming increasingly well-established. Since 2018, the Company began building its European local service team and has now deployed several dozen senior professionals locally in Europe, with over 90% talent localization rate in the European team, deeply matched the needs of major European energy enterprise owners and key clients. Simultaneously, the Company is building more comprehensive business and management teams in multiple overseas regions, supporting the effective implementation of the Company's globalization strategy.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, we generated revenue primarily from manufacturing and sales of wind power equipment, including foundation structures such as monopiles and others such as towers. We also generated part of revenue from wind and photovoltaic power generation and others.

We recorded a total revenue of approximately RMB3,252.5 million in the six months ended June 30, 2026, representing an increase of 14.5% as compared to RMB2,841.1 million in the six months ended June 30, 2025. The increase was mainly driven by the increase in delivery volumes of overseas wind power equipments.



## MANAGEMENT ANALYSIS AND DISCUSSION

The following table sets forth the breakdown of our revenue by business lines, both in absolute amounts and as percentages of total revenue, for the periods indicated.

|                                                 | Six months ended June 30, |               |                  |               |
|-------------------------------------------------|---------------------------|---------------|------------------|---------------|
|                                                 | 2026                      |               | 2025             |               |
|                                                 | RMB'000                   | % of revenue  | RMB'000          | % of revenue  |
|                                                 |                           | (unaudited)   |                  |               |
| Manufacturing and sales of wind power equipment | 3,075,161                 | 94.6%         | 2,686,050        | 94.5%         |
| Wind and photovoltaic power generation          | 124,029                   | 3.8%          | 124,546          | 4.4%          |
| Others                                          | 53,325                    | 1.6%          | 30,544           | 1.1%          |
| <b>Total</b>                                    | <b>3,252,515</b>          | <b>100.0%</b> | <b>2,841,139</b> | <b>100.0%</b> |

During the Reporting Period, we generated revenue from both Chinese Mainland and overseas. The following table sets forth a breakdown of our revenue by geographical location at which the products are installed, both in absolute amounts and as percentages of total revenue, for the periods indicated.

|                          | Six months ended June 30, |               |                  |               |
|--------------------------|---------------------------|---------------|------------------|---------------|
|                          | 2026                      |               | 2025             |               |
|                          | RMB'000                   | % of revenue  | RMB'000          | % of revenue  |
|                          |                           | (unaudited)   |                  |               |
| Chinese Mainland         | 577,479                   | 17.8%         | 597,943          | 21.1%         |
| Outside Chinese Mainland | 2,675,037                 | 82.3%         | 2,243,196        | 79.0%         |
| <b>Total</b>             | <b>3,252,515</b>          | <b>100.0%</b> | <b>2,841,139</b> | <b>100.0%</b> |

## MANAGEMENT ANALYSIS AND DISCUSSION

### Gross Profit and Gross Profit Margin

The following table sets forth the breakdown of our gross profit and gross profit margin by types of goods or services for the periods indicated.

|                                                       | Six months ended June 30, |                                         |                         |                          |
|-------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|--------------------------|
|                                                       | 2026                      |                                         | 2025                    |                          |
|                                                       | Gross profit<br>RMB'000   | Gross profit margin<br>%<br>(unaudited) | Gross profit<br>RMB'000 | Gross profit margin<br>% |
| Manufacturing and sales of wind power equipment       | 1,103,988                 | 35.9%                                   | 685,698                 | 25.5%                    |
| Wind and photovoltaic power generation                | 75,107                    | 60.6%                                   | 92,090                  | 73.9%                    |
| Others                                                | 41,427                    | 77.7%                                   | 22,551                  | 73.8%                    |
| <b>Total gross profit/Overall gross profit margin</b> | <b>1,220,522</b>          | <b>37.5%</b>                            | <b>800,339</b>          | <b>28.2%</b>             |

The gross profit of the Group increased by 52.5% from RMB800.3 million in the six months ended June 30, 2025 to RMB1,220.5 million in the six months ended June 30, 2026. The Group's gross profit margin increased from 28.2% in the six months ended June 30, 2025 to 37.5% in the six months ended June 30, 2026. The increase was mainly caused by increase in delivery volumes of overseas wind power equipments.

Our gross profit margin for the manufacturing and sales of wind power equipment increased from 25.5% in the six months ended June 30, 2025 to 35.9% in the six months ended June 30, 2026, primarily because of the increased proportion of higher-margin overseas offshore wind power equipment projects, as well as the improved manufacturing efficiency and enhanced cost control.

Our gross profit margin for the wind and photovoltaic power generation business decreased from 73.9% for the six months ended June 30, 2025 to 60.6% for the six months ended June 30, 2026, primarily due to the fluctuations in on-grid tariffs. The gross profit margin for the wind and photovoltaic power generation business remains relatively high due to their cost structure being primarily comprised of depreciation and amortization of initial capital investments rather than ongoing operational expenses.

## MANAGEMENT ANALYSIS AND DISCUSSION

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical location at which the goods are delivered, for the periods indicated.

|                                                       | Six months ended June 30, |                             |                |              |
|-------------------------------------------------------|---------------------------|-----------------------------|----------------|--------------|
|                                                       | 2026                      |                             | 2025           |              |
|                                                       | RMB'000                   | % of revenue<br>(unaudited) | RMB'000        | % of revenue |
| Chinese Mainland                                      | 167,560                   | 29.0%                       | 111,835        | 18.7%        |
| Outside Chinese Mainland                              | 1,052,962                 | 39.4%                       | 688,504        | 30.7%        |
| <b>Total gross profit/Overall gross profit margin</b> | <b>1,220,522</b>          | <b>37.5%</b>                | <b>800,339</b> | <b>28.2%</b> |

### Administrative Expenses

We recorded administrative expenses of RMB189.0 million in the six months ended June 30, 2026, representing an increase of 32.1% compared with RMB143.1 million in the six months ended June 30, 2025, primarily attributable to higher employee compensation, depreciation, amortization and other expenses as our operating scale expanded.

### Research and Development Expenses

We recorded research and development expenses of RMB148.2 million in the six months ended June 30, 2026, representing an increase of 94.1% compared with RMB76.4 million in the six months ended June 30, 2025. The increase was mainly attributable to higher research spending on our overseas business, as our projects are customized and required greater R&D input with increasing construction complexity and delivery scale.

### Finance expense

Our net finance expense in the six months ended June 30, 2026 were RMB98.3 million, compared with a net finance income of RMB153.7 million in the six months ended June 30, 2025. This mainly reflected changes in exchange gains and losses driven by foreign exchange rate fluctuations.

### Income Tax Expense

Our income tax expense in the six months ended June 30, 2026 was RMB97.5 million, representing an increase of 15.1% compared with RMB84.7 million in the six months ended June 30, 2025, in line with the increase in taxable income.

## MANAGEMENT ANALYSIS AND DISCUSSION

### Net Profit

Our net profit amounted to RMB600.6 million in the six months ended June 30, 2026, representing an increase of 9.9% compared with RMB546.5 million in the six months ended June 30, 2025. The growth mainly reflected higher contribution from our manufacturing and sales of wind power equipment business, especially from our overseas orders with higher profit margins.

### Assets and Liabilities

A summary of the assets and liabilities of the Group as of the dates indicated is set out below:

|                               | <b>As of June 30,<br/>2026</b> | As of December 31,<br>2025 | Changes |
|-------------------------------|--------------------------------|----------------------------|---------|
|                               | (RMB in thousands)             |                            |         |
|                               | (unaudited)                    | (audited)                  |         |
| Total non-current assets      | <b>7,767,384</b>               | 6,011,050                  | 29.2%   |
| Total current assets          | <b>13,938,408</b>              | 8,479,502                  | 64.4%   |
| Total assets                  | <b>21,705,792</b>              | 14,490,552                 | 49.8%   |
| Total current liabilities     | <b>4,771,743</b>               | 4,372,553                  | 9.1%    |
| Net current assets            | <b>9,166,665</b>               | 4,106,949                  | 123.2%  |
| Total non-current liabilities | <b>2,496,881</b>               | 1,837,709                  | 35.9%   |
| Total liabilities             | <b>7,268,624</b>               | 6,210,262                  | 17.0%   |
| Net assets                    | <b>14,437,168</b>              | 8,280,290                  | 74.4%   |



# MANAGEMENT ANALYSIS AND DISCUSSION

## Financial Resources, Liquidity and Capital Structure

We have historically funded our cash requirements principally from cash generated from our business operations, net proceeds from our offering of A shares and borrowings.

Our cash and cash equivalents increased from RMB2,855.8 million as of December 31, 2025 to RMB8,084.9 million as of June 30, 2026, primarily due to the receipt of net proceeds from our H share listing.

Our short-term borrowings decreased from RMB289.5 million as of December 31, 2025 to RMB4.1 million as of June 30, 2026, primarily due to the repayments of certain borrowings during the Reporting Period. Our long-term borrowings increased from RMB1,282.1 million as of December 31, 2025 to RMB1,983.1 million as of June 30, 2026, primarily due to new bank loans secured for wind projects.

The net cash inflow from our operating activities increased by 544.1% from RMB238.0 million in the six months ended June 30, 2025 to RMB1,532.7 million in the six months ended June 30, 2026, primarily due to the increase in sales proceeds received and the decrease in procurement payments made. The net cash outflow from our investing activities increased by 151.4% from RMB814.8 million in the six months ended June 30, 2025 to RMB2,048.1 million in the six months ended June 30, 2026, primarily due to more purchases of fixed assets. The net cash inflow from our financing activities increased by 504.3% from RMB964.5 million in the six months ended June 30, 2025 to RMB5,827.9 million in the six months ended June 30, 2026, primarily due to the net proceeds received by our Company from the Global Offering.

We have sufficient liquidity to meet our daily operational needs, repay our debts as and when they become due, and satisfy our capital expenditure requirements.

## Significant Investments, Material Acquisitions and Disposals

As of June 30, 2026, the Company did not hold any material investment in an investee company with a value representing 5% or more of the Company's total assets. During the Reporting Period, the Group did not undertake any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

## Future Plans for Material Investments or Capital Assets

Save as disclosed in "Use of Proceeds from listing of H shares and A share issuance" of this report, the Company did not have other concrete plans for material investments or capital assets as of June 30, 2026.

# MANAGEMENT ANALYSIS AND DISCUSSION

## Contingent Liabilities

For details regarding contingent liabilities, please refer to “2. Contingencies” of “XVI. Commitments and Contingencies” under “Financial Report” of this report.

## Capital Expenditure

Our capital expenditure during the Reporting Period primarily related to machinery, properties and plants, transportation equipment, intangible assets.

Our capital expenditure in the six months ended June 30, 2026 was RMB1,708.1 million, representing an increase compared with RMB797.4 million in the six months ended June 30, 2025, primarily due to the construction of the Hebei Tangshan Caofeidian Offshore Facility, wind power equipment and the self-built transport vessels.

## Pledge of Assets

As of June 30, 2026, certain of the Group’s borrowings were secured by the Group’s fixed assets with a net book value of approximately RMB352.4 million (as of December 31, 2025: nil). For details, please refer to “19. Assets with restricted ownership or use rights” under “Financial Report” of this report.

## Key Financial Ratios

|                                                    | For the six months ended June 30, |              |
|----------------------------------------------------|-----------------------------------|--------------|
|                                                    | 2026                              | 2025         |
|                                                    | (unaudited)                       |              |
| Gross profit margin <sup>1</sup>                   | 37.5%                             | 28.2%        |
| Net profit margin <sup>2</sup>                     | 18.5%                             | 19.2%        |
| Weighted Average Return on Equity <sup>3</sup>     | 7.0%                              | 7.3%         |
|                                                    | As of                             | As of        |
|                                                    | June 30,                          | December 31, |
|                                                    | 2026                              | 2025         |
| Current ratio <sup>4</sup>                         | 2.9                               | 1.9          |
| Gearing ratio (asset-liability ratio) <sup>5</sup> | 33.5%                             | 42.9%        |

Notes:

- (1) Gross profit margin is calculated as gross profit divided by revenue for the respective period.
- (2) Net profit margin is calculated as profit for the period divided by revenue for the respective period.
- (3) Weighted Average ROE is calculated as profit for the period divided by the weighted average of total equity over the respective period, where total equity is weighted by the time each equity balance is outstanding.
- (4) Current ratio is calculated as current assets divided by current liabilities as of the relevant date.
- (5) Asset-liability ratio is calculated as total liabilities divided by total assets as of the relevant date.

## MANAGEMENT ANALYSIS AND DISCUSSION

### Foreign Currency Risk

Our foreign currency risk is primarily arising from monetary funds, receivables and payables denominated in foreign currencies. The foreign currencies giving rise to this risk are primarily EUR, USD and HKD. During the Reporting Period, we have entered into several agreements with banks to hedge against the foreign exchange risk. As of June 30, 2026, the nominal amount of outstanding contracts amounted to EUR20.0 million (equivalent to RMB166.5 million) and the strike rate was 8.3271 with terms of less 12 months. Besides, as of the Latest Practicable Date, we have established a foreign exchange exposure monitoring policy, and will consider hedging against significant foreign exchange exposure of the Group should the need arise.

### Employees and Remuneration

As of June 30, 2026, the Group had a total of 2,502 full-time employees (as of June 30, 2025: 1,992 full-time employees). The total employee remuneration expenses were RMB283.3 million in the first half of 2026, as compared to RMB242.0 million in the first half of 2025. We invest in our people through a structured training program delivered at the corporate, departmental, and functional levels. Governed by our Employee Training Management Policy, these programs combine internally developed courses with external resources to build technical skills, develop key talent, and strengthen management capabilities. Our compensation framework is market-competitive and designed to share operational results with our team, featuring base salaries supplemented by performance bonuses, profit-sharing, outstanding performance awards, special bonuses, and regular salary reviews. We also provide annual health checks and paid leave.

### OUTLOOK FOR THE COMPANY'S FUTURE DEVELOPMENT

The Company focuses on mainstream offshore wind markets characterized by high technical standards, rigorous quality requirements, and high added value, primarily in Europe, with expansion into emerging high-value regions such as Japan, South Korea, and Australia. It aims to address core industry pain points in deep and far-sea wind power development, including high costs of floating foundations, low delivery efficiency, and challenges in multi-party coordination. Taking end-to-end customer services as its starting point, the Company synergizes the entire value chain – covering R&D, procurement, manufacturing, transport, marshalling, assembly, installation, delivery, and maintenance – to deliver integrated foundation structure solutions for the deep and far-sea wind power industry. The Company will drive development guided by its “1+3+3” strategic system: focusing on one core strategic focus, strengthening three key capabilities, and constructing three future business pillars to propel the growth of all business segments. Evolving from a foundation manufacturer to a global integrated provider in the offshore wind market, the Company is committed to becoming a pioneer in global deep and far-sea wind power development.

The Company's core strategic focus is on mainstream offshore wind markets characterized by high technical standards, rigorous quality requirements, and high added value. The three key capabilities that the Company continues to strengthen encompass technological innovation and design, global operations, and sustainable development, which will ensure the implementation of its core strategy and solidify competitive barriers. Furthermore, the Company believes that the three pillars, including floating wind foundation design and manufacturing, integrated marine logistics services, and local ecosystem and port services, will form its main future growth curves.

Looking ahead, the Company will continue to deepen its full-chain capabilities and advance its global footprint, with a focus on the industrialization of floating wind technology and the delivery of integrated services. The Company will provide customers worldwide with more efficient, economical and safer deep- and far-sea wind power solutions, supporting the exploration of the deep blue and the co-development of a clean and sustainable future.

# OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules. The Company is committed to the view that the Board should include a balanced composition of executive Directors, and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment. As the Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on June 5, 2026, the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules is only applicable to the Company since the listing date of the H Shares. During the period from the Listing Date and up to the Latest Practicable Date, the Company complied with the code provisions in the Corporate Governance Code.

## CHANGES IN DIRECTORS' INFORMATION

As of the Latest Practicable Date, there were no material changes in the Directors and senior management of the Company and their respective biographies that need to be disclosed pursuant to Rule 13.51 of the Hong Kong Listing Rules.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. As the Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on June 5, 2026, the Model Code is only applicable to the Company since the listing date of the H Shares. Having made specific enquiries of all Directors, all of them have confirmed that they have complied with the Model Code during the period from the Listing Date and up to the Latest Practicable Date. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information about the Company was noted by the Company.

## UNIFIED ADOPTION OF THE CASBE FOR THE PREPARATION OF FINANCIAL REPORTS

The Company has adopted the CASBE in a unified manner for the preparation of financial reports and disclosure of relevant financial information, commencing with the financial statements included in this report. For details, please refer to the Company's announcement dated July 27, 2026.

## REVIEW OF INTERIM FINANCIAL RESULTS

The Audit Committee has reviewed the unaudited interim report of the Group for the six months ended June 30, 2026 and is of the opinion that the 2026 interim report complies with the applicable accounting standards and relevant laws and regulations, and contains adequate disclosures.

## INCENTIVE PLAN

As of June 30, 2026, the Company has not adopted any incentive plan yet.

## INTERIM DIVIDEND

The Board proposes to distribute the interim dividend for the six months ended June 30, 2026 (the "Interim Dividend") in cash, with a distribution of RMB0.88 (tax inclusive) per 10 Shares. The Company expects to pay the Interim Dividend no later than Wednesday, November 11, 2026. The proposed distribution of the Interim Dividend is subject to the approval of the Shareholders at the Company's forthcoming extraordinary general meeting. The Interim Dividend will be paid in RMB for the dividend entitlement of A Shares and in Hong Kong dollars for the dividend entitlement of H Shares.

During the Reporting Period, there was no arrangement under which any Shareholders had waived or agreed to waive any dividend.

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

#### Interests in Shares or underlying Shares of the Company

| Name of Director | Capacity/Nature of interest                         | Class of Shares | Number of Shares <sup>(1)</sup> | Approximate % of total shareholding interest in our Company | Approximate % of the relevant class of Shares <sup>(2)</sup> |
|------------------|-----------------------------------------------------|-----------------|---------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| Mr. Jin Xin      | Beneficial owner                                    | A Share         | 7,745,625 (L)                   | 1.05%                                                       | 1.21%                                                        |
|                  | Interest in a controlled corporation <sup>(3)</sup> | A Share         | 248,300,500 (L)                 | 33.55%                                                      | 38.93%                                                       |
| Mr. SUN Xiaole   | Beneficial owner                                    | A Share         | 1,359,819 (L)                   | 0.18%                                                       | 0.21%                                                        |
| Mr. LI Xin       | Interests of spouse <sup>(4)</sup>                  | A Share         | 4,700 (L)                       | 0.001%                                                      | 0.001%                                                       |

Notes:

- (1) (L) – Long position
- (2) The percentage is calculated based on the number of relevant class of Shares in issue as of Latest Practicable Date.
- (3) Beijing Jinyin Energy Consulting Co., Ltd. (北京金胤能源諮詢有限公司) (“**Jinyin Energy**”) is owned as to 100% by Mr. Jin Xin and Mr. Jin Xin is therefore deemed to be interested in the 248,300,500 Shares held by Jinyin Energy under the SFO.
- (4) Mr. LI Xin is deemed to be interested in the 4,700 Shares held by his spouse, Ms. SONG Dan (宋丹), under the SFO.

Save as disclosed above, as of Latest Practicable Date, to the best knowledge of the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of Latest Practicable Date, so far as it was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

#### Interests in Shares or underlying Shares of the Company

| Name of substantial shareholder                           | Capacity/Nature of interest                                                          | Class of Shares | Number of Shares <sup>(1)</sup> | Approximate % of total shareholding interest in our Company | Approximate % of the relevant class of Shares <sup>(2)</sup> |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------|---------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| Beijing Jinyin Energy Consulting Co., Ltd. <sup>(3)</sup> | Beneficial owner                                                                     | A Share         | 248,300,500 (L)                 | 33.55%                                                      | 38.93%                                                       |
| GIC Private Limited                                       | Investment manager                                                                   | H Share         | 11,193,100 (L)                  | 1.51%                                                       | 10.94%                                                       |
| JPMorgan Chase & Co.                                      | Beneficial owner, Investment manager and Person having a security interest in shares | H Share         | 11,265,406 (L)                  | 1.52%                                                       | 11.01%                                                       |
|                                                           |                                                                                      |                 | 1,782,506 (S)                   | 0.24%                                                       | 1.74%                                                        |
|                                                           |                                                                                      |                 | 0 (P)                           | 0.00%                                                       | 0.00%                                                        |
| CPE Global Opportunities Fund II, L.P. <sup>(4)</sup>     | Interest in a controlled corporation                                                 | H Share         | 9,315,300 (L)                   | 1.26%                                                       | 9.10%                                                        |
| CPE GOF GP Limited <sup>(4)</sup>                         | Interest in a controlled corporation                                                 | H Share         | 9,315,300 (L)                   | 1.26%                                                       | 9.10%                                                        |
| CPE Juniper Investment Limited <sup>(4)</sup>             | Beneficial owner                                                                     | H Share         | 9,315,300 (L)                   | 1.26%                                                       | 9.10%                                                        |
| CPE Management International II Limited <sup>(4)</sup>    | Interest in a controlled corporation                                                 | H Share         | 9,315,300 (L)                   | 1.26%                                                       | 9.10%                                                        |
| CPE Management International Limited <sup>(4)</sup>       | Interest in a controlled corporation                                                 | H Share         | 9,315,300 (L)                   | 1.26%                                                       | 9.10%                                                        |
| HHLR Advisors, Ltd.                                       | Investment manager                                                                   | H Share         | 8,844,700 (L)                   | 1.20%                                                       | 8.64%                                                        |

## OTHER INFORMATION

| Name of substantial shareholder         | Capacity/Nature of interest          | Class of Shares | Number of Shares <sup>(1)</sup> | Approximate % of total shareholding interest in our Company | Approximate % of the relevant class of Shares <sup>(2)</sup> |
|-----------------------------------------|--------------------------------------|-----------------|---------------------------------|-------------------------------------------------------------|--------------------------------------------------------------|
| UBS Group AG                            | Interest in a controlled corporation | H Share         | 7,577,300 (L)<br>1,363,200 (S)  | 1.02%<br>0.18%                                              | 7.40%<br>1.33%                                               |
| HACF, L.P.                              | Beneficial owner                     | H Share         | 7,343,100 (L)                   | 0.99%                                                       | 7.18%                                                        |
| FIL Limited <sup>(5)</sup>              | Interest in a controlled corporation | H Share         | 7,415,300 (L)                   | 1.00%                                                       | 7.25%                                                        |
| Pandanus Associates Inc. <sup>(5)</sup> | Interest in a controlled corporation | H Share         | 7,415,300 (L)                   | 1.00%                                                       | 7.25%                                                        |
| Pandanus Partners L.P. <sup>(5)</sup>   | Interest in a controlled corporation | H Share         | 7,415,300 (L)                   | 1.00%                                                       | 7.25%                                                        |
| FIDELITY FUNDS                          | Beneficial owner                     | H Share         | 5,119,500 (L)                   | 0.69%                                                       | 5.00%                                                        |

Notes:

- (1) (L) – Long position, (S) - Short Position, (P) — Lending pool
- (2) The percentage is calculated based on the number of relevant class of Shares in issue as of Latest Practicable Date.
- (3) Jinyin Energy was owned as to 100% by Mr. Jin.
- (4) CPE Juniper Investment Limited was controlled as to 75.95% by CPE Global Opportunities Fund II, L.P. CPE Global Opportunities Fund II, L.P. was wholly controlled by CPE GOF GP Limited, which was wholly controlled by CPE Management International Limited, which was in turn wholly controlled by CPE Management International II Limited.
- (5) FIL Limited was controlled as to 48.83% by Pandanus Partners L.P., which was in turn wholly controlled by Pandanus Associates Inc.

Save as disclosed above, as of Latest Practicable Date, to the best knowledge of the Directors or chief executive of the Company, none of the substantial Shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 336 of the SFO.

## USE OF PROCEEDS FROM LISTING OF H SHARES AND A SHARE ISSUANCE

### Use of H Share IPO Proceeds

The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on June 5, 2026 (the "Listing Date") with a total of 100,010,600 H Shares (after the full exercise of the offer size adjustment option but before the exercise of the over-allotment option). On July 2, 2026, the Company agreed the joint sponsor-overall coordinators (on behalf of the international underwriters) to partially exercise the over-allotment option, and completed the issuance of 2,325,900 H shares, which were listed on July 7, 2026. Following the partial exercise of the aforementioned over-allotment option, a total of 102,336,500 H shares were issued at an Offer Price of HK\$66.40 per share, and net proceeds of approximately HK\$6,617.4 million (equivalent to approximately RMB5,757.1 million) (the "H Share Net Proceeds") were raised (after deducting underwriting commissions, fees and other expenses related to the Global Offering). There has been no change in the intended use of the net proceeds as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". The net proceeds will be utilized in the same manner, proportion and expected timeframe as set out in the Prospectus.

## OTHER INFORMATION

The table below sets out, among other things, the intended use of the H Share Net Proceeds and actual usage as of the Latest Practicable Date:

| Intended use of H Share Net Proceeds                         | Approximate<br>% of total<br>H Share Net<br>Proceeds | H Share<br>Net Proceeds<br>from the<br>Global Offering<br>(RMB million) | Amount<br>utilized from<br>the Listing Date<br>to the Latest<br>Practicable Date<br>(RMB million) | Amount<br>unutilized as of<br>the Latest<br>Practicable Date<br>(RMB million) | Expected<br>timeline of full<br>utilization of the<br>unutilized proceeds |
|--------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Funding the enhancement of our integrated deep-sea solutions | 55.0                                                 | 3,166.4                                                                 | 105.9                                                                                             | 3,060.5                                                                       | By the end of 2028                                                        |
| Investment and construction of our assembly base in Europe   | 20.0                                                 | 1,151.4                                                                 | –                                                                                                 | 1,151.4                                                                       | By the end of 2028                                                        |
| Global center for R&D                                        | 10.0                                                 | 575.7                                                                   | –                                                                                                 | 575.7                                                                         | By the end of 2028                                                        |
| Expansion into new overseas markets                          | 5.0                                                  | 287.9                                                                   | 3.1                                                                                               | 284.8                                                                         | By the end of 2028                                                        |
| General working capital and corporate purposes               | 10.0                                                 | 575.7                                                                   | 233.3                                                                                             | 342.4                                                                         | By the end of 2026                                                        |
| <b>Total</b>                                                 | <b>100.0</b>                                         | <b>5,757.1</b>                                                          | <b>342.3</b>                                                                                      | <b>5,414.8</b>                                                                |                                                                           |

The expected timeline for utilizing the remaining proceeds from the H Share Net Proceeds is set on the basis of the best estimation of the Company taking into account, among other factors, prevailing and future market conditions and business developments and needs, and therefore is subject to change. Based on our estimates, we currently intend to apply the unutilized net proceeds in accordance with the plans set out in the above table.

### Use of Proceeds from Private Placement of A Shares

The A Shares were listed on the Shenzhen Stock Exchange on October 15, 2010 (the “**A Share Listing**”). The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the A Share Listing of approximately RMB1,090.3 million. As of June 30, 2026, all proceeds raised from the A Share Listing had been utilized.

On December 9, 2022, the Company completed a private placement of 82,088,349 A Shares at an issue price of RMB37.35 per A Share (the “**Private Placement**”). The new A Shares were listed on the Shenzhen Stock Exchange on January 4, 2023. The net proceeds from the Private Placement amounted to approximately RMB3,059.1 million (the “**A Share Net Proceeds**”).

## OTHER INFORMATION

The table below sets out, among other things, the intended use of the A Share Net Proceeds and actual usage as of June 30, 2026:

| Intended use of A Share Net Proceeds                                                                        | Approximate<br>% of total<br>A Share Net<br>Proceeds | A Share<br>Net Proceeds<br>from the Private<br>Placement<br>(RMB million) | Amount<br>utilized during<br>the Reporting<br>Period<br>(RMB million) | Amount<br>utilized as of<br>June 30, 2026<br>(RMB million) | Amount<br>unutilized as of<br>June 30, 2026<br>(RMB million) | Expected<br>timeline of full<br>utilization of<br>the unutilized<br>proceeds |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------|
| The 250MW Liaoning Fuxin Zhangwu Xiliujiazi<br>Onshore Wind Power Project                                   | 32.1                                                 | 980.6                                                                     | –                                                                     | 980.6                                                      | 0.0                                                          | –                                                                            |
| The Dajin Heavy Industry<br>Penglai Facility Production Line Upgrade and<br>R&D Center Construction Project | 6.2                                                  | 189.5                                                                     | –                                                                     | 189.5                                                      | 0.0                                                          | –                                                                            |
| The Dajin Heavy Industry (Yantai) Wind Power<br>Co., Ltd. Blade Production Base Project                     | 0.0                                                  | 0.00                                                                      | –                                                                     | 0.00                                                       | 0.0                                                          | –                                                                            |
| The Dajin Heavy Industry<br>Fuxin Facility Technical Upgrade Project                                        | 0.5                                                  | 14.7                                                                      | –                                                                     | 14.7                                                       | 0.0                                                          | –                                                                            |
| Liquidity Replenishment                                                                                     | 29.7                                                 | 909.1                                                                     | –                                                                     | 909.1                                                      | 0.0                                                          | –                                                                            |
| The Tangshan Dajin Wind Power<br>Ocean Engineering High-End<br>Equipment Manufacturing Project              | 31.6                                                 | 965.2                                                                     | 168.1                                                                 | 586.0                                                      | 379.2                                                        | –                                                                            |
| <b>Total</b>                                                                                                | <b>100.0</b>                                         | <b>3,059.1</b>                                                            | <b>168.1</b>                                                          | <b>2,679.9</b>                                             | <b>379.2</b>                                                 | <b>–</b>                                                                     |

Note:

- (1) The Company proposes to apply the remaining proceeds from the Tangshan Dajin Wind Power Ocean Engineering High-End Equipment Manufacturing Project of approximately RMB379.2 million to permanently replenish its working capital. For details, please refer to the Company's circular dated August 21, 2026.

## OTHER INFORMATION

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the date of this interim report, the Company has maintained the applicable minimum public float requirement under the Hong Kong Listing Rules since the Listing Date and up to the date of this interim report.

### PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Since the Listing Date and up to the date of this interim report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares (including any sale or transfer of treasury shares). As of June 30, 2026, the Company did not hold any treasury shares (as defined under the Hong Kong Listing Rules).

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the period from the Listing Date and up to the Latest Practicable Date.

### IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed above, no important events affecting the Company occurred since the end of Reporting Period and up to the Latest Practicable Date.

By order of the Board  
**Dajin Heavy Industry Co., Ltd.**  
**Mr. JIN Xin**

*Chairman of the Board and Executive Director*

Hong Kong, August 21, 2026



## I. Audit Report

Has the interim report been audited

☐ Yes ☒ No

The Company's interim financial report has not been audited.

## II. Financial Statements

The unit of the financial statements in the notes to financial statements: RMB

### 1. Consolidated Balance Sheet

Prepared by: Dajin Heavy Industry Co., Ltd.

June 30, 2026

Unit: RMB

| Item                                                   | Closing balance  | Opening balance  |
|--------------------------------------------------------|------------------|------------------|
| Current assets                                         |                  |                  |
| Cash at bank and on hand                               | 8,182,502,978.13 | 2,955,289,744.41 |
| Deposit reservation for balance                        |                  |                  |
| Placements with banks and other financial institutions |                  |                  |
| Financial assets held for trading                      | 709,654,801.79   | 550,278,253.19   |
| Derivative financial assets                            |                  |                  |
| Bills receivables                                      | 46,875,602.02    | 43,769,512.04    |
| Accounts receivable                                    | 1,077,204,100.72 | 1,057,316,855.92 |
| Receivables financing                                  | 225,074,066.77   | 361,881,720.30   |
| Prepayments                                            | 565,385,498.88   | 435,127,021.19   |
| Premiums receivable                                    |                  |                  |
| Reinsurance accounts receivable                        |                  |                  |
| Deposits receivable from reinsurance treaty            |                  |                  |
| Other receivables                                      | 58,341,337.68    | 53,985,526.54    |
| Including: Interest receivables                        |                  |                  |
| Dividends receivables                                  |                  |                  |
| Financial assets purchased under resale agreements     |                  |                  |
| Inventories                                            | 1,974,615,171.19 | 2,174,566,925.04 |
| Including: Data resources                              |                  |                  |
| Contract assets                                        | 200,753,876.65   | 209,297,439.70   |
| Assets held for sale                                   |                  |                  |
| Non-current assets due within one year                 | 10,776,246.68    | 10,632,438.44    |
| Other current assets                                   | 887,224,304.91   | 627,356,847.83   |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 1. Consolidated Balance Sheet (Continued)

| Item                                                  | Closing balance          | Opening balance   |
|-------------------------------------------------------|--------------------------|-------------------|
| Total current assets                                  | <b>13,938,407,985.42</b> | 8,479,502,284.60  |
| Non-current assets:                                   |                          |                   |
| Loans and advances to customers                       |                          |                   |
| Debt investment                                       |                          |                   |
| Other debt investments                                |                          |                   |
| Long-term receivables                                 |                          |                   |
| Long-term equity investments                          |                          |                   |
| other equity instrument investments                   |                          |                   |
| Other non-current financial assets                    |                          |                   |
| Investment properties                                 |                          |                   |
| Fixed assets                                          | <b>3,951,247,823.18</b>  | 3,131,572,176.16  |
| Construction in progress                              | <b>2,477,624,201.61</b>  | 1,562,413,159.80  |
| Productive biological assets                          |                          |                   |
| Oil and gas assets                                    |                          |                   |
| Right-of-use assets                                   | <b>201,172,386.61</b>    | 271,599,389.15    |
| Intangible assets                                     | <b>441,882,315.76</b>    | 361,947,860.31    |
| Including: Data resources                             |                          |                   |
| Development costs                                     |                          |                   |
| Including: Data resources                             |                          |                   |
| Goodwill                                              |                          |                   |
| Long-term deferred charges                            | <b>1,593,830.61</b>      | 772,304.06        |
| Deferred tax assets                                   | <b>181,817,506.42</b>    | 145,653,518.97    |
| Other non-current assets                              | <b>512,045,843.64</b>    | 537,091,154.68    |
| Total non-current assets                              | <b>7,767,383,907.83</b>  | 6,011,049,563.13  |
| Total assets                                          | <b>21,705,791,893.25</b> | 14,490,551,847.73 |
| Current liabilities                                   |                          |                   |
| Short-term borrowings                                 | <b>4,134,419.21</b>      | 289,451,958.53    |
| Borrow from central bank                              |                          |                   |
| Placement from banks and other financial institutions |                          |                   |
| Financial liabilities held for trading                |                          |                   |
| Derivative financial liabilities                      |                          |                   |
| Bills payables                                        | <b>1,069,022,838.32</b>  | 1,039,516,389.22  |
| Accounts payables                                     | <b>1,142,375,801.61</b>  | 822,519,677.49    |
| Payment received in advance                           |                          |                   |
| Contract liabilities                                  | <b>2,156,671,774.94</b>  | 1,608,629,110.01  |
| Disposal of repurchased financial assets              |                          |                   |
| Deposit taking and deposit in inter-bank market       |                          |                   |
| Customer deposits for trading in securities           |                          |                   |
| Customer deposits for underwriting                    |                          |                   |
| Employee compensation payable                         | <b>81,908,337.52</b>     | 100,291,412.92    |
| Taxes payable                                         | <b>60,115,718.41</b>     | 77,513,864.46     |

## II. Financial Statements (Continued)

### 1. Consolidated Balance Sheet (Continued)

| Item                                                      | Closing balance          | Opening balance   |
|-----------------------------------------------------------|--------------------------|-------------------|
| Other payables                                            | <b>68,713,557.73</b>     | 58,424,444.55     |
| Including: Interest payable                               |                          |                   |
| Dividends payable                                         |                          |                   |
| Fees and commissions payable                              |                          |                   |
| Reinsurance accounts payable                              |                          |                   |
| Liabilities held for sale                                 |                          |                   |
| Non-current liabilities due within one year               | <b>170,237,009.65</b>    | 354,953,748.02    |
| Other current liabilities                                 | <b>18,563,939.90</b>     | 21,252,376.11     |
| Total current liabilities                                 | <b>4,771,743,397.29</b>  | 4,372,552,981.31  |
| Non-current liabilities:                                  |                          |                   |
| Reserve fund for insurance contracts                      |                          |                   |
| Long-term borrowings                                      | <b>1,983,099,105.86</b>  | 1,282,133,061.62  |
| Bonds payable                                             |                          |                   |
| Including: Preference shares                              |                          |                   |
| Perpetual bonds                                           |                          |                   |
| Lease liabilities                                         | <b>162,990,486.88</b>    | 198,332,483.36    |
| Long-term payables                                        | <b>143,148,588.33</b>    | 145,227,160.17    |
| Long-term employee compensation payable                   |                          |                   |
| Provisions                                                |                          |                   |
| Deferred income                                           | <b>202,505,736.85</b>    | 205,771,157.65    |
| Deferred tax liabilities                                  | <b>5,136,807.39</b>      | 6,244,814.14      |
| Other non-current liabilities                             |                          |                   |
| Total non-current liabilities                             | <b>2,496,880,725.31</b>  | 1,837,708,676.94  |
| Total Liabilities                                         | <b>7,268,624,122.60</b>  | 6,210,261,658.25  |
| Owners' equity:                                           |                          |                   |
| share capital                                             | <b>737,759,949.00</b>    | 637,749,349.00    |
| Other equity instruments                                  |                          |                   |
| Including: Preference shares                              |                          |                   |
| Perpetual bonds                                           |                          |                   |
| Capital reserve                                           | <b>9,331,811,704.40</b>  | 3,806,028,183.90  |
| Less: Treasury shares                                     |                          |                   |
| Other comprehensive income                                | <b>-4,005,757.64</b>     | 9,993,590.25      |
| Special reserve                                           |                          |                   |
| Surplus reserve                                           | <b>98,313,110.86</b>     | 98,313,110.86     |
| General risk reserve                                      |                          |                   |
| Undistributed profits                                     | <b>4,273,288,764.03</b>  | 3,728,205,955.47  |
| Total equity attributable to owners of the parent company | <b>14,437,167,770.65</b> | 8,280,290,189.48  |
| Minority interests                                        |                          |                   |
| Total owner's equity                                      | <b>14,437,167,770.65</b> | 8,280,290,189.48  |
| Total liabilities and owner's equity                      | <b>21,705,791,893.25</b> | 14,490,551,847.73 |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 2. Balance Sheet of the Parent Company

Unit: RMB

| Item                                   | Closing balance   | Opening balance  |
|----------------------------------------|-------------------|------------------|
| Current assets                         |                   |                  |
| Cash at bank and on hand               | 6,067,046,798.27  | 617,853,764.17   |
| Financial assets held for trading      | 595,566,327.35    | 550,278,253.19   |
| Derivative financial assets            |                   |                  |
| Bills receivables                      | 700,000.00        | 1,200,000.00     |
| Accounts receivable                    | 297,246,995.84    | 219,717,484.74   |
| Receivables financing                  | 140,641,738.17    | 130,790,497.23   |
| Prepayments                            | 28,960,660.91     | 7,153,591.69     |
| Other receivables                      | 4,646,895,883.09  | 3,363,431,485.33 |
| Including: Interest receivables        |                   |                  |
| Dividends receivables                  | 80,000,000.00     | 80,000,000.00    |
| Inventories                            | 51,039,297.50     | 86,250,006.66    |
| Including: Data resources              |                   |                  |
| Contract assets                        | 35,505,816.41     | 39,884,516.07    |
| Assets held for sale                   |                   |                  |
| Non-current assets due within one year | 10,776,246.68     | 10,632,438.44    |
| Other current assets                   | 214,333,664.25    | 24,444,531.25    |
| Total current assets                   | 12,088,713,428.47 | 5,051,636,568.77 |
| Non-current assets:                    |                   |                  |
| Debt investment                        |                   |                  |
| Other debt investments                 |                   |                  |
| Long-term receivables                  |                   |                  |
| Long-term equity investments           | 1,600,874,370.39  | 1,587,278,460.89 |
| other equity instrument investments    |                   |                  |
| Other non-current financial assets     |                   |                  |
| Investment properties                  |                   |                  |
| Fixed assets                           | 60,862,526.87     | 62,283,259.65    |
| Construction in progress               | 7,034,406.75      | 7,034,406.75     |
| Productive biological assets           |                   |                  |
| Oil and gas assets                     |                   |                  |
| Right-of-use assets                    | 3,555,830.18      | 4,243,665.23     |

## II. Financial Statements (Continued)

### 2. Balance Sheet of the Parent Company (Continued)

| Item                                        | Closing balance          | Opening balance  |
|---------------------------------------------|--------------------------|------------------|
| Intangible assets                           | <b>49,631,667.88</b>     | 50,520,013.24    |
| Including: Data resources                   |                          |                  |
| Development costs                           |                          |                  |
| Including: Data resources                   |                          |                  |
| Goodwill                                    |                          |                  |
| Long-term deferred charges                  |                          |                  |
| Deferred tax assets                         | <b>16,537,552.49</b>     | 10,019,507.19    |
| Other non-current assets                    |                          |                  |
| Total non-current assets                    | <b>1,738,496,354.56</b>  | 1,721,379,312.95 |
| Total assets                                | <b>13,827,209,783.03</b> | 6,773,015,881.72 |
| Current liabilities                         |                          |                  |
| Short-term borrowings                       | <b>4,134,419.21</b>      | 4,134,419.21     |
| Financial liabilities held for trading      |                          |                  |
| Derivative financial liabilities            |                          |                  |
| Bills payables                              | <b>2,192,578.60</b>      | 88,296,306.08    |
| Accounts payable                            | <b>314,310,136.44</b>    | 141,078,525.31   |
| Payment received in advance                 |                          |                  |
| Contract liabilities                        | <b>753,687,981.00</b>    | 29,990,361.47    |
| Employee compensation payable               | <b>1,491,617.93</b>      | 3,925,509.00     |
| Taxes payable                               | <b>4,677,854.27</b>      | 2,384,847.36     |
| Other payables                              | <b>2,075,269,292.30</b>  | 1,148,551,322.04 |
| Including: Interest payable                 |                          |                  |
| Dividends payable                           |                          |                  |
| Liabilities held for sale                   |                          |                  |
| Non-current liabilities due within one year | <b>4,940,943.60</b>      | 181,545,800.99   |
| Other current liabilities                   | <b>3,965,121.93</b>      | 3,898,746.98     |
| Total current liabilities                   | <b>3,164,669,945.28</b>  | 1,603,805,838.44 |



# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 2. Balance Sheet of the Parent Company (Continued)

| Item                                    | Closing balance   | Opening balance  |
|-----------------------------------------|-------------------|------------------|
| Non-current liabilities:                |                   |                  |
| Long-term borrowings                    | 14,698,666.68     | 16,960,000.00    |
| Bonds payable                           |                   |                  |
| Including: Preference shares            |                   |                  |
| Perpetual bonds                         |                   |                  |
| Lease liabilities                       | 692,355.21        | 1,807,527.23     |
| Long-term payables                      | 108,681,305.37    | 108,681,305.37   |
| Long-term employee compensation payable |                   |                  |
| Provisions                              |                   |                  |
| Deferred income                         |                   |                  |
| Deferred tax liabilities                |                   |                  |
| Other non-current liabilities           |                   |                  |
| Total non-current liabilities           | 124,072,327.26    | 127,448,832.60   |
| Total Liabilities                       | 3,288,742,272.54  | 1,731,254,671.04 |
| Owners' equity:                         |                   |                  |
| Share capital                           | 737,759,949.00    | 637,749,349.00   |
| Other equity instruments                |                   |                  |
| Including: Preference shares            |                   |                  |
| Perpetual bonds                         |                   |                  |
| Capital reserve                         | 9,331,811,704.40  | 3,806,028,183.90 |
| Less: Treasury shares                   |                   |                  |
| Other comprehensive income              |                   |                  |
| Special reserve                         |                   |                  |
| Surplus reserve                         | 98,313,110.86     | 98,313,110.86    |
| Undistributed profits                   | 370,582,746.23    | 499,670,566.92   |
| Total owner's equity                    | 10,538,467,510.49 | 5,041,761,210.68 |
| Total liabilities and owner's equity    | 13,827,209,783.03 | 6,773,015,881.72 |

## II. Financial Statements (Continued)

### 3. Consolidated Income Statement

Unit: RMB

| Item                                                                    | The first half<br>year of 2026 | The first half<br>year of 2025 |
|-------------------------------------------------------------------------|--------------------------------|--------------------------------|
| I. Total revenue                                                        | <b>3,252,515,191.59</b>        | 2,841,139,262.44               |
| Including: Revenue                                                      | <b>3,252,515,191.59</b>        | 2,841,139,262.44               |
| Interest income                                                         |                                |                                |
| Premium earned                                                          |                                |                                |
| Fee and commission income                                               |                                |                                |
| II. Total operating costs                                               | <b>2,562,012,839.02</b>        | 2,188,803,879.09               |
| Including: Operating costs                                              | <b>2,031,993,233.02</b>        | 2,040,799,939.43               |
| Interest expense                                                        |                                |                                |
| Fee and commission expense                                              |                                |                                |
| Surrender value                                                         |                                |                                |
| Net compensation expenditure                                            |                                |                                |
| Draw of net insurance liability reserve                                 |                                |                                |
| Policy dividend expenditure                                             |                                |                                |
| Reinsurance expenses                                                    |                                |                                |
| Taxes and surcharges                                                    | <b>31,033,541.14</b>           | 17,809,525.40                  |
| Selling expenses                                                        | <b>63,532,525.83</b>           | 64,416,378.21                  |
| Administrative expenses                                                 | <b>189,004,505.34</b>          | 143,114,018.71                 |
| R&D expenses                                                            | <b>148,193,504.75</b>          | 76,358,661.06                  |
| Finance expense                                                         | <b>98,255,528.94</b>           | -153,694,643.72                |
| Including: Interest expense                                             | <b>12,948,503.92</b>           | 10,935,074.28                  |
| Interest income                                                         | <b>13,520,326.27</b>           | 40,479,903.59                  |
| Plus: Other income                                                      | <b>8,319,370.35</b>            | 5,697,531.70                   |
| Investment income (loss is indicated with a "-" sign)                   | <b>4,383,406.01</b>            | -22,409,642.47                 |
| Including: Investment income from associates and joint ventures         |                                |                                |
| Gain on derecognition of financial assets measured at<br>amortized cost | <b>-614,080.66</b>             | -794,828.40                    |
| Exchange gains (losses are indicated with a "-" sign)                   |                                |                                |
| Gains from net exposure hedges (losses are indicated with a "-" sign)   |                                |                                |
| Gains from changes in fair value (losses are indicated with a "-" sign) | <b>1,446,668.60</b>            | 14,417.42                      |
| Credit impairment loss (loss is indicated with a "-" sign)              | <b>-6,342,710.07</b>           | 12,298,882.39                  |
| Asset impairment loss (loss is indicated with a "-" sign)               | <b>-1,543,505.31</b>           | -13,972,387.81                 |
| Gain on disposal of assets (loss is indicated with a "-" sign)          | <b>6,993,765.17</b>            | -1,932,868.19                  |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 3. Consolidated Income Statement (Continued)

| Item                                                                                                     | The first half<br>year of 2026 | The first half<br>year of 2025 |
|----------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| III. Operating profit (loss is indicated with a "-" sign)                                                | <b>703,759,347.32</b>          | 632,031,316.39                 |
| Plus: Non-operating income                                                                               | <b>2,038,664.80</b>            | 2,275,479.66                   |
| Less: Non-operating expenses                                                                             | <b>7,762,978.97</b>            | 3,125,017.72                   |
| IV. Total profit (total loss is indicated with a "-" sign)                                               | <b>698,035,033.15</b>          | 631,181,778.33                 |
| Less: Income tax expense                                                                                 | <b>97,468,031.23</b>           | 84,666,365.58                  |
| V. Net profit (net loss is indicated with a "-" sign)                                                    | <b>600,567,001.92</b>          | 546,515,412.75                 |
| (I) Classification based on business continuity                                                          |                                |                                |
| 1. Net profit from continuing operations (net loss is indicated with a "-" sign)                         | <b>600,567,001.92</b>          | 546,515,412.75                 |
| 2. Net profit from discontinued operations (net loss is indicated with a "-" sign)                       |                                |                                |
| (II) Classification by ownership                                                                         |                                |                                |
| 1. Net profit attributable to shareholders of the parent company (net loss is indicated with a "-" sign) | <b>600,567,001.92</b>          | 546,515,412.75                 |
| 2. Minority shareholders' profit or loss (net loss is indicated with a "-" sign)                         |                                |                                |
| VI. Net amount after tax of other comprehensive income                                                   | <b>-13,999,347.89</b>          | -973,962.28                    |
| Net amount after tax of other comprehensive income attributable to the owners of the parent company      | <b>-13,999,347.89</b>          | -973,962.28                    |
| (I) Other comprehensive income that may not be reclassified into profit or loss                          |                                |                                |
| 1. Remeasurement of the change amount of the defined benefit plan                                        |                                |                                |
| 2. Other comprehensive income that may not be transferred to profit or loss under the equity method      |                                |                                |
| 3. Changes in fair value of other equity instrument investments                                          |                                |                                |

## II. Financial Statements (Continued)

### 3. Consolidated Income Statement (Continued)

| Item                                                                                              | The first half<br>year of 2026 | The first half<br>year of 2025 |
|---------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| 4. Changes in fair value of enterprise's own credit risk                                          |                                |                                |
| 5. Others                                                                                         |                                |                                |
| (II) Other comprehensive income that will be reclassified into profit or loss                     | <b>-13,999,347.89</b>          | -973,962.28                    |
| 1. Other comprehensive income that may be transferred to profit or loss under the equity method   |                                |                                |
| 2. Changes in fair value of other debt investments                                                |                                |                                |
| 3. Amounts recognised in other comprehensive income from the reclassification of financial assets |                                |                                |
| 4. Provision for credit impairment of other debt investments                                      |                                |                                |
| 5. Cash flow hedging reserve                                                                      |                                |                                |
| 6. Exchange difference on translation of foreign financial statements                             | <b>-13,999,347.89</b>          | -973,962.28                    |
| 7. Others                                                                                         |                                |                                |
| Net amount after tax of other comprehensive income attributable to minority interests             |                                |                                |
| VII. Total comprehensive income                                                                   | <b>586,567,654.03</b>          | 545,541,450.47                 |
| Total comprehensive income attributable to the owners of the parent company                       | <b>586,567,654.03</b>          | 545,541,450.47                 |
| Total comprehensive income attributable to minority interests                                     |                                |                                |
| VIII. Earnings per share:                                                                         |                                |                                |
| (I) Basic earnings per share                                                                      | <b>0.94</b>                    | 0.86                           |
| (II) Diluted earnings per share                                                                   | <b>0.94</b>                    | 0.86                           |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 4. Income Statement of the Parent Company

Unit: RMB

| Item                                                                                                        | The first half<br>year of 2026 | The first half<br>year of 2025 |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| I. Revenue                                                                                                  | <b>286,847,659.30</b>          | 314,727,782.25                 |
| Less: Operating costs                                                                                       | <b>282,504,592.27</b>          | 297,031,884.14                 |
| Taxes and surcharges                                                                                        | <b>3,573,613.08</b>            | 2,272,045.25                   |
| Selling expenses                                                                                            | <b>4,049,840.41</b>            | 2,228,749.61                   |
| Administrative expenses                                                                                     | <b>22,896,612.87</b>           | 23,727,712.19                  |
| R&D expenses                                                                                                |                                |                                |
| Finance expense                                                                                             | <b>35,875,784.80</b>           | 1,937,492.37                   |
| Including: Interest expense                                                                                 | <b>920,479.99</b>              | 65,945.43                      |
| Interest income                                                                                             | <b>3,297,817.11</b>            | 1,799,368.24                   |
| Plus: Other income                                                                                          | <b>62,598.06</b>               | 73,164.37                      |
| Investment income (loss is indicated with a "-" sign)                                                       | <b>3,219,891.34</b>            | -1,609,120.74                  |
| Including: Investment income from associates and joint ventures                                             |                                |                                |
| Gain on derecognition of financial assets measured at<br>amortized cost (loss is indicated with a "-" sign) | <b>-614,080.66</b>             | -644,124.50                    |
| Gains from net exposure hedges (losses are indicated with a "-" sign)                                       |                                |                                |
| Gains from changes in fair value (losses are indicated with a "-" sign)                                     | <b>1,288,074.16</b>            | 14,417.42                      |
| Credit impairment loss (loss is indicated with a "-" sign)                                                  | <b>-18,314,559.60</b>          | 4,145,921.11                   |
| Asset impairment loss (loss is indicated with a "-" sign)                                                   | <b>-974,356.88</b>             | -569,379.25                    |
| Gain on disposal of assets (loss is indicated with a "-" sign)                                              | <b>128,923.88</b>              | 122,587.17                     |
| II. Operating profit (loss is indicated with a "-" sign)                                                    | <b>-76,642,213.17</b>          | -10,292,511.23                 |
| Plus: Non-operating income                                                                                  | <b>134,487.17</b>              | 142,907.41                     |
| Less: Non-operating expenses                                                                                | <b>3,604,679.13</b>            | 269,846.55                     |
| III. Total profit (total loss is indicated with a "-" sign)                                                 | <b>-80,112,405.13</b>          | -10,419,450.37                 |
| Less: Income tax expense                                                                                    | <b>-6,508,777.80</b>           | -5,503,301.49                  |
| IV. Net profit (net loss is indicated with a "-" sign)                                                      | <b>-73,603,627.33</b>          | -4,916,148.88                  |
| (I) Net profit from continuing operations (net loss is indicated with a "-" sign)                           | <b>-73,603,627.33</b>          | -4,916,148.88                  |
| (II) Net profit from discontinued operations (net loss is indicated with a "-" sign)                        |                                |                                |



## II. Financial Statements (Continued)

### 4. Income Statement of the Parent Company (Continued)

| Item                                                                                                | The first half<br>year of 2026 | The first half<br>year of 2025 |
|-----------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| V. Net amount after tax of other comprehensive income                                               |                                |                                |
| (I) Other comprehensive income that may not be reclassified into profit or loss                     |                                |                                |
| 1. Remeasurement of the change amount of the defined benefit plan                                   |                                |                                |
| 2. Other comprehensive income that may not be transferred to profit or loss under the equity method |                                |                                |
| 3. Changes in fair value of other equity instrument investments                                     |                                |                                |
| 4. Changes in fair value of enterprise's own credit risk                                            |                                |                                |
| 5. Others                                                                                           |                                |                                |
| (II) Other comprehensive income that will be reclassified into profit or loss                       |                                |                                |
| 1. Other comprehensive income that may be transferred to profit or loss under the equity method     |                                |                                |
| 2. Changes in fair value of other debt investments                                                  |                                |                                |
| 3. Amounts recognised in other comprehensive income from the reclassification of financial assets   |                                |                                |
| 4. Provision for credit impairment of other debt investments                                        |                                |                                |
| 5. Cash flow hedging reserve                                                                        |                                |                                |
| 6. Exchange difference on translation of foreign financial statements                               |                                |                                |
| 7. Others                                                                                           |                                |                                |
| VI. Total comprehensive income                                                                      | <b>-73,603,627.33</b>          | -4,916,148.88                  |
| VII. Earnings per share:                                                                            |                                |                                |
| (I) Basic earnings per share                                                                        |                                |                                |
| (II) Diluted earnings per share                                                                     |                                |                                |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 5. Consolidated Cash Flow Statement

Unit: RMB

| Item                                                                   | The first half<br>year of 2026 | The first half<br>year of 2025 |
|------------------------------------------------------------------------|--------------------------------|--------------------------------|
| I. Cash flows from operating activities:                               |                                |                                |
| Cash received from selling goods and rendering services                | <b>3,661,080,701.66</b>        | 2,921,454,953.56               |
| Net increase in customer deposits and interbank deposits               |                                |                                |
| Net increase in borrowings from the central bank                       |                                |                                |
| Net increase in funds borrowed from other financial institutions       |                                |                                |
| Cash received from premiums of original insurance contracts            |                                |                                |
| Net cash received from reinsurance business                            |                                |                                |
| Net increase in policyholder savings and investment funds              |                                |                                |
| Cash for interest, fees and commissions                                |                                |                                |
| Net increase in interbank borrowing                                    |                                |                                |
| Net increase in funds for repurchase business                          |                                |                                |
| Net cash received from securities agency business                      |                                |                                |
| Tax refund received                                                    | <b>288,948,314.68</b>          | 118,463,153.77                 |
| Other cash receipts relating to operating activities                   | <b>176,722,205.87</b>          | 109,973,047.03                 |
| Subtotal of cash inflows from operating activities                     | <b>4,126,751,222.21</b>        | 3,149,891,154.36               |
| Cash payments for purchase of goods and services                       | <b>1,737,129,206.75</b>        | 2,458,167,425.70               |
| Net increase in loans and advances to customers                        |                                |                                |
| Net increase in deposits with central bank and interbank deposits      |                                |                                |
| Cash paid for compensation under the original insurance contract       |                                |                                |
| Net increase in placements with banks and other financial institutions |                                |                                |
| Cash for interest, fees and commissions                                |                                |                                |
| Cash paid for policy dividends                                         |                                |                                |
| Cash paid to or on behalf of employees                                 | <b>288,909,040.76</b>          | 169,268,780.23                 |
| Various taxes and fees paid                                            | <b>263,174,509.25</b>          | 140,293,020.98                 |
| Cash paid for other activities related to operating activities         | <b>304,850,407.81</b>          | 144,187,748.91                 |
| Subtotal of cash outflow from operating activities                     | <b>2,594,063,164.57</b>        | 2,911,916,975.82               |
| Net cash flow from operating activities                                | <b>1,532,688,057.64</b>        | 237,974,178.54                 |

## II. Financial Statements (Continued)

### 5. Consolidated Cash Flow Statement (Continued)

| Item                                                                                                    | The first half<br>year of 2026 | The first half<br>year of 2025 |
|---------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| II. Cash flows from investing activities:                                                               |                                |                                |
| Cash received from investment recovery                                                                  | <b>1,934,999,935.92</b>        | 365,000,000.00                 |
| Cash received from investment income                                                                    | <b>5,245,054.88</b>            | 4,543,182.44                   |
| Net cash received from disposal of fixed assets, intangible assets<br>and other long-term assets        | <b>745,410.65</b>              | 603,000.00                     |
| Net cash received from the disposal of subsidiaries and other business units                            |                                |                                |
| Other cash receipts relating to investing activities                                                    |                                |                                |
| Subtotal of cash inflows from investing activities                                                      | <b>1,940,990,401.45</b>        | 370,146,182.44                 |
| Cash paid for purchase or construction of fixed assets, intangible<br>assets and other long-term assets | <b>1,708,079,085.39</b>        | 797,422,251.65                 |
| Cash paid for investment                                                                                | <b>2,280,999,866.00</b>        | 348,710,681.72                 |
| Net increase in mortgage loans                                                                          |                                |                                |
| Net cash paid for acquisition of subsidiaries and other business units                                  |                                | 38,821,578.09                  |
| Other cash payments relating to investing activities                                                    |                                |                                |
| Subtotal of cash outflow from investing activities                                                      | <b>3,989,078,951.39</b>        | 1,184,954,511.46               |
| Net cash flow from investing activities                                                                 | <b>-2,048,088,549.94</b>       | -814,808,329.02                |
| III. Cash flows from financing activities:                                                              |                                |                                |
| Cash received from investors                                                                            | <b>5,659,742,859.55</b>        |                                |
| Including: Cash received by subsidiaries from investments of minority<br>shareholders                   |                                |                                |
| Cash received from loan raised                                                                          | <b>1,155,945,300.00</b>        | 1,054,026,792.62               |
| Other cash receipts relating to financing activities                                                    |                                |                                |
| Subtotal of cash inflows from financing activities                                                      | <b>6,815,688,159.55</b>        | 1,054,026,792.62               |
| Cash paid for debt repayment                                                                            | <b>898,910,639.32</b>          | 22,556,600.00                  |
| Cash paid for dividends, profit distribution and interests                                              | <b>75,208,722.36</b>           | 64,257,905.06                  |
| Including: Dividends and profits paid by subsidiaries to minority<br>shareholders                       |                                |                                |
| Other cash payments relating to financing activities                                                    | <b>13,632,933.31</b>           | 2,754,810.00                   |
| Subtotal cash outflow from financing activities                                                         | <b>987,752,294.99</b>          | 89,569,315.06                  |
| Net cash flow from financing activities                                                                 | <b>5,827,935,864.56</b>        | 964,457,477.56                 |
| IV. Impact of exchange rate changes on cash and cash equivalents                                        | <b>-83,378,717.89</b>          | 113,687,994.14                 |
| V. Net increase in cash and cash equivalents                                                            | <b>5,229,156,654.37</b>        | 501,311,321.22                 |
| Plus: Opening balance of cash and cash equivalents                                                      | <b>2,855,773,829.35</b>        | 2,836,453,597.42               |
| VI. Closing balance of cash and cash equivalents                                                        | <b>8,084,930,483.72</b>        | 3,337,764,918.64               |

# FINANCIAL REPORT

## II. Financial Statements (Continued)

### 6. Cash Flow Statement of the Parent Company

Unit: RMB

| Item                                                                                                 | The first half<br>year of 2026 | The first half<br>year of 2025 |
|------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| 1. Cash flows from operating activities:                                                             |                                |                                |
| Cash received from selling goods and rendering services                                              | <b>1,003,730,429.38</b>        | 460,465,060.85                 |
| Tax refund received                                                                                  |                                |                                |
| Other cash receipts relating to operating activities                                                 | <b>3,097,882,539.29</b>        | 2,090,537,267.44               |
| Subtotal of cash inflows from operating activities                                                   | <b>4,101,612,968.67</b>        | 2,551,002,328.29               |
| Cash payments for purchase of goods and services                                                     | <b>176,580,974.55</b>          | 227,509,575.21                 |
| Cash paid to or on behalf of employees                                                               | <b>11,607,597.97</b>           | 15,607,394.27                  |
| Various taxes and fees paid                                                                          | <b>5,343,632.05</b>            | 6,559,875.07                   |
| Other cash payments relating to operating activities                                                 | <b>3,585,830,961.66</b>        | 1,876,611,357.36               |
| Subtotal of cash outflow from operating activities                                                   | <b>3,779,363,166.23</b>        | 2,126,288,201.91               |
| Net cash flow from operating activities                                                              | <b>322,249,802.44</b>          | 424,714,126.38                 |
| II. Cash flows from investing activities:                                                            |                                |                                |
| Cash received from investment recovery                                                               | <b>1,380,999,935.92</b>        | 350,000,000.00                 |
| Cash received from investment income                                                                 | <b>3,889,194.35</b>            | 3,107,876.71                   |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets        | <b>238,808.85</b>              |                                |
| Net cash received from disposal of subsidiaries and other business units                             |                                |                                |
| Other cash receipts relating to investing activities                                                 |                                |                                |
| Subtotal of cash inflows from investing activities                                                   | <b>1,385,127,939.12</b>        | 353,107,876.71                 |
| Cash paid for purchase or construction of fixed assets, intangible assets and other long-term assets |                                |                                |
| Cash paid for investment                                                                             | <b>1,638,595,775.50</b>        | 323,198,671.00                 |
| Net cash paid for acquisition of subsidiaries and other business units                               |                                |                                |
| Other cash payments relating to investing activities                                                 |                                |                                |
| Subtotal of cash outflow from investing activities                                                   | <b>1,638,595,775.50</b>        | 323,198,671.00                 |
| Net cash flow from investing activities                                                              | <b>-253,467,836.38</b>         | 29,909,205.71                  |

## II. Financial Statements (Continued)

### 6. Cash Flow Statement of the Parent Company (Continued)

| Item                                                             | The first half<br>year of 2026 | The first half<br>year of 2025 |
|------------------------------------------------------------------|--------------------------------|--------------------------------|
| III. Cash flows from financing activities:                       |                                |                                |
| Cash received from investors                                     | <b>5,659,742,859.55</b>        |                                |
| Cash received from loans raised                                  |                                |                                |
| Other cash receipts relating to financing activities             |                                |                                |
| Subtotal of cash inflows from financing activities               | <b>5,659,742,859.55</b>        |                                |
| Cash paid for debt repayment                                     | <b>179,040,000.00</b>          |                                |
| Cash paid for dividends, profit distribution and interests       | <b>56,457,228.91</b>           | 51,019,947.92                  |
| Other cash payments relating to financing activities             | <b>7,908,895.85</b>            |                                |
| Subtotal cash outflow from financing activities                  | <b>243,406,124.76</b>          | 51,019,947.92                  |
| Net cash flow generated from financing activities                | <b>5,416,336,734.79</b>        | -51,019,947.92                 |
| IV. Impact of exchange rate changes on cash and cash equivalents | <b>-35,925,666.68</b>          |                                |
| V. Net increase in cash and cash equivalents                     | <b>5,449,193,034.17</b>        | 403,603,384.17                 |
| Plus: Opening balance of cash and cash equivalents               | <b>617,853,764.10</b>          | 221,654,787.13                 |
| VI. Closing balance of cash and cash equivalents                 | <b>6,067,046,798.27</b>        | 625,258,171.30                 |



## II. Financial Statements (Continued)

### 7. Consolidated Statement of Changes in Owners' Equity

Amount for the period

Unit: RMB

| The first half year of 2026                                                     |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
|---------------------------------------------------------------------------------|--------------------------|-------------------|--|------------------|-----------------|-----------------|----------------------------|--|-----------------|-----------------|----------------------|-----------------------|------------------|
| Owners' equity attributable to the parent company                               |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| Item                                                                            | Other equity instruments |                   |  |                  | Less:           |                 |                            |  | General         |                 |                      |                       |                  |
|                                                                                 | Share capital            | Preference shares |  | Other            | Capital reserve | Treasury shares | Other comprehensive income |  | Special reserve | Surplus reserve | General risk reserve | Undistributed profits | Other            |
|                                                                                 |                          | Perpetual bonds   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| I. Closing balance of the previous year                                         | 637,749,349.00           |                   |  | 3,806,028,183.90 |                 |                 | 9,993,590.25               |  | 98,313,110.86   |                 | 3,728,205,955.47     |                       | 8,280,290,189.48 |
| Plus: Changes in accounting policies                                            |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| Correction of errors in prior period                                            |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| Other                                                                           |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| II. Opening balance of the current year                                         | 637,749,349.00           |                   |  | 3,806,028,183.90 |                 |                 | 9,993,590.25               |  | 98,313,110.86   |                 | 3,728,205,955.47     |                       | 8,280,290,189.48 |
| III. Changes in amount for the period (decreases are indicated with a "-" sign) |                          |                   |  |                  |                 |                 |                            |  |                 |                 |                      |                       |                  |
| (I) Total comprehensive income                                                  | 100,010,600.00           |                   |  | 5,525,783,520.50 |                 |                 | -13,999,347.89             |  |                 |                 | 545,082,808.56       |                       | 6,156,877,581.17 |
| (II) Capital invested and reduced by owners                                     |                          |                   |  |                  |                 |                 | -13,999,347.89             |  |                 |                 | 600,567,001.92       |                       | 586,567,654.03   |
| 1. Common stock contributed by owners                                           | 100,010,600.00           |                   |  | 5,525,783,520.50 |                 |                 |                            |  |                 |                 |                      |                       | 5,625,794,120.50 |
| 2. Capital invested by holders of other equity instruments                      | 100,010,600.00           |                   |  | 5,525,783,520.50 |                 |                 |                            |  |                 |                 |                      |                       | 5,625,794,120.50 |



## II. Financial Statements (Continued)

### 7. Consolidated Statement of Changes in Owners' Equity (Continued)

| The first half year of 2026                                               |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
|---------------------------------------------------------------------------|--------------------------|-------------------|-----------------|-------|------------------|-----------------|----------------------------|-----------------|----------------------|-----------------------|-------------------|--------------------|----------------------|-----------------|
| Owners' equity attributable to the parent company                         |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| Item                                                                      | Other equity instruments |                   |                 |       | Less:            |                 |                            |                 | General risk reserve | Undistributed profits | Other subtotal    | Minority interests | Total owner's equity |                 |
|                                                                           | Share capital            | Preference shares | Perpetual bonds | Other | Capital reserve  | Treasury shares | Other comprehensive income | Special reserve |                      |                       |                   |                    |                      | Surplus reserve |
|                                                                           |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 3. Surplus reserve for making up losses                                   |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 4. Transfer of change amount of defined benefit plan to retained earnings |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 5. Transfer of other comprehensive income to retained earnings            |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 6. Others                                                                 |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| (V) Special reserve                                                       |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 1. Appropriation in the period                                            |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| 2. Utilization in the period                                              |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| (VI) Others                                                               |                          |                   |                 |       |                  |                 |                            |                 |                      |                       |                   |                    |                      |                 |
| IV. Closing balance of the period                                         | 737,759,949.00           |                   |                 |       | 9,331,811,704.40 |                 |                            | -4,005,757.64   | 98,313,110.86        | 4,273,288,764.03      | 14,437,167,770.65 |                    | 14,437,167,770.65    |                 |

## II. Financial Statements (Continued)

### 7. Consolidated Statement of Changes in Owners' Equity (Continued)

Amount for the prior year

Unit: RMB

| The first half year of 2025                                                     |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
|---------------------------------------------------------------------------------|---------------------------------------------------------|-------------------|-----------------|-------|------------------|-----------------|----------------------------|-----------------|-----------------|----------------------|--------------------|----------------------|-----------------------|
| Item                                                                            | Equity attributable to the owners of the parent company |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
|                                                                                 | Other equity instruments                                |                   |                 |       | Less:            |                 |                            | General         |                 |                      | Minority interests | Total owner's equity |                       |
|                                                                                 | Share capital                                           | Preference shares | Perpetual bonds | Other | Capital reserve  | Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve |                    |                      | Undistributed profits |
| I. Closing balance of the previous year                                         | 637,749,349.00                                          |                   |                 |       | 3,806,028,183.90 |                 | -856,302.64                |                 | 98,313,110.86   |                      | 2,730,774,919.62   | 7,272,009,260.74     | 7,272,009,260.74      |
| Plus: Changes in accounting policies                                            |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| Correction of errors in prior period                                            |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| Other                                                                           |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| II. Opening balance of the current year                                         | 637,749,349.00                                          |                   |                 |       | 3,806,028,183.90 |                 | -856,302.64                |                 | 98,313,110.86   |                      | 2,730,774,919.62   | 7,272,009,260.74     | 7,272,009,260.74      |
| III. Changes in amount for the period (decreases are indicated with a "-" sign) |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| (I) Total comprehensive income                                                  |                                                         |                   |                 |       |                  |                 | -973,962.28                |                 |                 |                      | 495,495,464.83     | 494,521,502.55       | 494,521,502.55        |
| (II) Capital invested and reduced by owners                                     |                                                         |                   |                 |       |                  |                 | -973,962.28                |                 |                 |                      | 546,515,412.75     | 545,541,450.47       | 545,541,450.47        |
| 1. Common stock contributed by owners                                           |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| 2. Capital invested by holders of other equity instruments                      |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| 3. Amount of share-based payment recognised in owners' equity                   |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |
| 4. Others                                                                       |                                                         |                   |                 |       |                  |                 |                            |                 |                 |                      |                    |                      |                       |

## II. Financial Statements (Continued)

## 7. Consolidated Statement of Changes in Owners' Equity (Continued)

The first half year of 2025

[illegible]



## II. Financial Statements (Continued)

### 7. Consolidated Statement of Changes in Owners' Equity (Continued)

| Item                                                                      | The first half year of 2025                             |                   |                 |       |                 |                  |                      |                 |                       |                      |
|---------------------------------------------------------------------------|---------------------------------------------------------|-------------------|-----------------|-------|-----------------|------------------|----------------------|-----------------|-----------------------|----------------------|
|                                                                           | Equity attributable to the owners of the parent company |                   |                 |       |                 |                  |                      |                 |                       |                      |
|                                                                           | Other equity instruments                                |                   |                 | Less: |                 | General          |                      |                 | Undistributed profits | Other subtotal       |
|                                                                           | Share capital                                           | Preference shares | Perpetual bonds | Other | Treasury shares | Capital reserve  | comprehensive income | Special reserve | Surplus reserve       | risk reserve         |
| 4. Transfer of change amount of defined benefit plan to retained earnings |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| 5. Transfer of other comprehensive income to retained earnings            |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| 6. Others                                                                 |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| (V) Special reserve                                                       |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| 1. Appropriation in the period                                            |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| 2. Utilization in the period                                              |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| (VI) Others                                                               |                                                         |                   |                 |       |                 |                  |                      |                 |                       |                      |
| IV. Closing balance of the period                                         | 637,749,349.00                                          |                   |                 |       |                 | 3,806,028,183.90 | -1,830,264.92        | 98,313,110.86   | 3,226,270,384.45      | 7,766,530,763.29     |
|                                                                           |                                                         |                   |                 |       |                 |                  |                      |                 |                       | 7,766,530,763.29     |
|                                                                           |                                                         |                   |                 |       |                 |                  |                      |                 |                       | Total owner's equity |

## II. Financial Statements (Continued)

### 8. Statement of Changes in Owners' Equity of the Parent Company

Amount for the period

Unit: RMB

| Item                                                                            | The first half year of 2026 |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
|---------------------------------------------------------------------------------|-----------------------------|-------------------|-----------------|-------|------------------|-----------------|----------------------------|-----------------|-----------------|-----------------------|-------|----------------------|
|                                                                                 | Other equity instruments    |                   |                 |       | Other            |                 |                            |                 |                 |                       |       |                      |
|                                                                                 | Share capital               | Preference shares | Perpetual bonds | Other | Capital reserve  | Treasury shares | Less: comprehensive income | Special reserve | Surplus reserve | Undistributed profits | Other | Total owner's equity |
| I. Closing balance of the previous year                                         | 637,749,349.00              |                   |                 |       | 3,806,028,183.90 |                 |                            |                 | 98,313,110.86   | 499,670,566.92        |       | 5,041,761,210.68     |
| Plus: Changes in accounting policies                                            |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| Correction of errors in prior period                                            |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| Other                                                                           |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| II. Opening balance of the current year                                         | 637,749,349.00              |                   |                 |       | 3,806,028,183.90 |                 |                            |                 | 98,313,110.86   | 499,670,566.92        |       | 5,041,761,210.68     |
| III. Changes in amount for the period (Decreases are indicated with a "-" sign) | 100,010,600.00              |                   |                 |       | 5,525,783,520.50 |                 |                            |                 |                 | -129,087,820.69       |       | 5,496,706,299.81     |
| (I) Total comprehensive income                                                  |                             |                   |                 |       |                  |                 |                            |                 |                 | -73,603,627.33        |       | -73,603,627.33       |
| (II) Capital invested and reduced by owners                                     | 100,010,600.00              |                   |                 |       | 5,525,783,520.50 |                 |                            |                 |                 |                       |       | 5,625,794,120.50     |
| 1. Common stock contributed by owners                                           | 100,010,600.00              |                   |                 |       | 5,525,783,520.50 |                 |                            |                 |                 |                       |       | 5,625,794,120.50     |
| 2. Capital invested by holders of other equity instruments                      |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| 3. Amount of share-based payment recognised in owners' equity                   |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| 4. Others                                                                       |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| (III) Profit distribution                                                       |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| 1. Appropriation to surplus reserve                                             |                             |                   |                 |       |                  |                 |                            |                 |                 | -55,484,193.36        |       | -55,484,193.36       |
| 2. Distribution to owners (or shareholders)                                     |                             |                   |                 |       |                  |                 |                            |                 |                 |                       |       |                      |
| 3. Others                                                                       |                             |                   |                 |       |                  |                 |                            |                 |                 | -55,484,193.36        |       | -55,484,193.36       |

## II. Financial Statements (Continued)

### 8. Statement of Changes in Owners' Equity of the Parent Company (Continued)

| The first half year of 2026                                               |                          |                   |                 |       |                  |                 |                            |                       |                      |
|---------------------------------------------------------------------------|--------------------------|-------------------|-----------------|-------|------------------|-----------------|----------------------------|-----------------------|----------------------|
| Item                                                                      | Other equity instruments |                   |                 |       | Other            |                 |                            | Undistributed profits | Total owner's equity |
|                                                                           | Share capital            | Preference shares | Perpetual bonds | Other | Capital reserve  | Treasury shares | Less: comprehensive income |                       |                      |
|                                                                           |                          | Special reserve   |                 |       |                  |                 |                            |                       |                      |
| (IV) Internal transfer of owner's equity                                  |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 1. Conversion of capital reserve into capital (or share capital)          |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 2. Conversion of surplus reserve into capital (or share capital)          |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 3. Surplus reserve for making up losses                                   |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 4. Transfer of change amount of defined benefit plan to retained earnings |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 5. Transfer of other comprehensive income to retained earnings            |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 6. Others                                                                 |                          |                   |                 |       |                  |                 |                            |                       |                      |
| (V) Special reserve                                                       |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 1. Appropriation in the period                                            |                          |                   |                 |       |                  |                 |                            |                       |                      |
| 2. Utilization in the period                                              |                          |                   |                 |       |                  |                 |                            |                       |                      |
| (VI) Others                                                               |                          |                   |                 |       |                  |                 |                            |                       |                      |
| IV. Closing balance of the period                                         | 737,759,949.00           |                   |                 |       | 9,331,811,704.40 |                 |                            | 370,582,746.23        | 10,538,467,510.49    |

## II. Financial Statements (Continued)

### 8. Statement of Changes in Owners' Equity of the Parent Company (Continued)

| Item                                                          | The first half year of 2025 |                   |                 |       |                  |                 |                            | Unit: RMB        |
|---------------------------------------------------------------|-----------------------------|-------------------|-----------------|-------|------------------|-----------------|----------------------------|------------------|
|                                                               | Share capital               | Preference shares | Perpetual bonds | Other | Capital surplus  | Treasury shares | Less: comprehensive income |                  |
|                                                               |                             |                   |                 |       |                  |                 | Special reserve            |                  |
|                                                               |                             |                   |                 |       |                  |                 | Surplus reserve            |                  |
|                                                               |                             |                   |                 |       |                  |                 | Undistributed profits      |                  |
|                                                               |                             |                   |                 |       |                  |                 | Other                      |                  |
|                                                               |                             |                   |                 |       |                  |                 | Total owner's equity       |                  |
| I. Closing balance of the previous year                       | 637,749,349.00              |                   |                 |       | 3,806,028,183.90 |                 | 98,313,110.86              | 5,164,605,337.23 |
| Plus: Changes in accounting policies                          |                             |                   |                 |       |                  |                 |                            |                  |
| Correction of errors in prior period                          |                             |                   |                 |       |                  |                 |                            |                  |
| Other                                                         |                             |                   |                 |       |                  |                 |                            |                  |
| II. Opening balance of the current year                       | 637,749,349.00              |                   |                 |       | 3,806,028,183.90 |                 | 98,313,110.86              | 5,164,605,337.23 |
| III. Changes in amount for the period                         |                             |                   |                 |       |                  |                 |                            |                  |
| (decreases are indicated with a "-" sign)                     |                             |                   |                 |       |                  |                 |                            |                  |
| (I) Total comprehensive income                                |                             |                   |                 |       |                  |                 |                            |                  |
| (II) Capital invested and reduced by owners                   |                             |                   |                 |       |                  |                 |                            |                  |
| 1. Common stock contributed by owners                         |                             |                   |                 |       |                  |                 |                            |                  |
| 2. Capital invested by holders of other equity instruments    |                             |                   |                 |       |                  |                 |                            |                  |
| 3. Amount of share-based payment recognised in owners' equity |                             |                   |                 |       |                  |                 |                            |                  |
| 4. Others                                                     |                             |                   |                 |       |                  |                 |                            |                  |
| (III) Profit distribution                                     |                             |                   |                 |       |                  |                 |                            |                  |
| 1. Appropriation to surplus reserve                           |                             |                   |                 |       |                  |                 |                            |                  |
| 2. Distribution to owners (or shareholders)                   |                             |                   |                 |       |                  |                 |                            |                  |

## II. Financial Statements (Continued)

### 8. Statement of Changes in Owners' Equity of the Parent Company (Continued)

| Item                                                                      | The first half year of 2025 |                   |                  |                            |                 |                       |                      |
|---------------------------------------------------------------------------|-----------------------------|-------------------|------------------|----------------------------|-----------------|-----------------------|----------------------|
|                                                                           | Other equity instruments    |                   |                  | Less:<br>Treasury shares   | Special reserve | Undistributed profits | Total owner's equity |
|                                                                           | Share capital               | Preference shares | Perpetual bonds  |                            |                 |                       |                      |
|                                                                           |                             | Other             | Capital surplus  | Other comprehensive income | Surplus reserve | Other                 |                      |
| 3. Others                                                                 |                             |                   |                  |                            |                 |                       |                      |
| (IV) Internal transfer of owner's equity                                  |                             |                   |                  |                            |                 |                       |                      |
| 1. Conversion of capital reserve into capital (or share capital)          |                             |                   |                  |                            |                 |                       |                      |
| 2. Conversion of surplus reserve into capital (or share capital)          |                             |                   |                  |                            |                 |                       |                      |
| 3. Surplus reserve for making up losses                                   |                             |                   |                  |                            |                 |                       |                      |
| 4. Transfer of change amount of defined benefit plan to retained earnings |                             |                   |                  |                            |                 |                       |                      |
| 5. Transfer of other comprehensive income to retained earnings            |                             |                   |                  |                            |                 |                       |                      |
| 6. Others                                                                 |                             |                   |                  |                            |                 |                       |                      |
| (V) Special reserve                                                       |                             |                   |                  |                            |                 |                       |                      |
| 1. Appropriation in the period                                            |                             |                   |                  |                            |                 |                       |                      |
| 2. Utilization in the period                                              |                             |                   |                  |                            |                 |                       |                      |
| (VI) Others                                                               |                             |                   |                  |                            |                 |                       |                      |
| IV. Closing balance of the period                                         | 637,749,349.00              |                   | 3,806,028,183.90 |                            | 98,313,110.86   | 566,578,596.67        | 5,108,669,240.43     |

## III. Basic Information of the Company

Dajin Heavy Industry Co., Ltd. (hereinafter referred to as “the Company”) was established as a joint stock company through an overall transformation based on Liaoning Dajin Steel Structure Engineering Group Co., Ltd., with the approval of Liao Wai Jing Mao Zi Pi (2009) No. 136 document issued by Liaoning Foreign Trade and Economic Cooperation Department. The Company was jointly promoted by four companies: Fuxin Jinyin Energy Consulting Co., Ltd., Eagle Kingdom Holdings Limited, Fuxin Xinyuan Investment Consulting Co., Ltd., and Fuxin Longda Technology Development Co., Ltd.. The Company’s unified social credit code is 91210900730802320F, and it was registered with the Fuxin Administration for Industry and Commerce in Liaoning Province on October 28, 2009. The registered address is No. 155 Xinqiu Street, Xinqiu District, Fuxin, Liaoning Province. The Company’s shares were listed and traded on the Shenzhen Stock Exchange on October 7, 2010. According to the 2014 annual general meeting of shareholders held on March 24, 2015, the “proposal to apply for revocation of the approval certificate for foreign-invested enterprises and change from a Sino-foreign joint stock limited company to a domestic joint stock limited company” was deliberated and approved. The Company has received the “Reply of the Municipal Foreign Trade and Economic Cooperation Bureau on the Equity Change of Liaoning Dajin Heavy Industry Co., Ltd.” (Fu Wai Jing Mao Wai Zi [2015] No. 8) issued by the Fuxin Foreign Trade and Economic Cooperation Bureau, and has completed the cancellation procedures for the “Approval Certificate for Foreign-Invested Enterprises”.

According to the “Proposal on the Company’s ‘2017 Restricted Stock Incentive Plan (Draft)’ and Its Summary” and the “Proposal on the First Grant of Restricted Shares to Grantees” approved at the first extraordinary general meeting of shareholders in 2018 and the 24th meeting of the third session of the board of directors, the Company implemented restricted stock equity incentives, and actually granted 12.20 million restricted shares to grantees for the first time. According to the “Proposal on Granting Reserved Restricted Shares to Grantees” approved at the 32nd meeting of the third session of the board of directors, the Company actually granted 2.99 million reserved restricted shares to grantees.

According to the “Proposal on the Company’s ‘2020 Restricted Stock Incentive Plan (Draft)’ and its Summary” and the “Proposal on the Initial Grant of Restricted Shares to Grantees” deliberated and approved at third extraordinary general meeting of shareholders in 2020 and the 13th meeting of the fourth session of the board of directors. The Company implemented restricted stock equity incentives, granting a total of 4 million shares. One grantee voluntarily gave up the subscription of his corresponding 3 million restricted shares due to personal reasons, resulting in an actual grant of 1 million shares.

On July 27, 2021, the Company held the 38th meeting of the fourth session of the board of directors, which deliberated and approved the “Proposal on the Proposed Change of Company Name and Amendment to the Articles of Association”. On August 12, 2021, the Company held the second extraordinary general meeting of 2021, which deliberated and approved the aforementioned proposal. The company name was changed from “Liaoning Dajin Heavy Industry Co., Ltd.” to “Dajin Heavy Industry Co., Ltd.”.



### III. Basic Information of the Company (Continued)

On January 21, 2022, the Company held its first extraordinary general meeting of shareholders in 2022, which deliberated and approved the “proposal regarding the Company’s 2021 annual plan for the non-public Issuance of A Shares”.

On September 29, 2022, the Company received the “Approval on the Non-public Issuance of Shares by Dajin Heavy Industry Co., Ltd.” from the China Securities Regulatory Commission (CSRC) (Zheng Jian Xu Ke [2022] No. 2256). As of December 9, 2022, the Company had non-publicly issued 82,088,349 ordinary shares denominated in RMB, with an issue price of RMB37.35 per share, raising a total of RMB3,065,999,835.15. After deducting various issuance expenses of RMB6,892,064.48, the net proceeds amounted to RMB3,059,107,770.67. Of this amount, RMB82,088,349.00 represents the newly increased share capital, and the remaining balance of RMB2,977,019,421.67 was transferred to capital reserve. Following this issuance, the Company’s total share capital increased from 555,661,000 shares to 637,749,349 shares.

On June 4, 2026, the Listing Committee of the Hong Kong Stock Exchange approved the listing and trading of the H Shares to be issued by the Company under the Global Offering on the Main Board of the Hong Kong Stock Exchange. On June 5, 2026, the Company’s initial public offering of 100,010,600 H Shares was listed and traded on the Main Board of the Hong Kong Stock Exchange, with an issue price of HK\$66.40 per share. On July 7, 2026, the joint sponsor-overall coordinator (for itself and on behalf of the International Underwriters) partially exercised the Over-allotment Option and issued 2,325,900 H Shares, which were listed and traded on the Main Board of the Hong Kong Stock Exchange, with an issue price of HK\$66.40 per share. After this issuance, the total share capital of the Company changed from 637,749,349 shares to 740,085,849 shares.

After the partial exercise of the aforementioned Over-allotment Option, the total amount of proceeds raised was RMB5,911,761,022.13. After deducting various issuance expenses of RMB154,641,979.83, the net amount of proceeds actually raised was RMB5,757,119,042.30. This included newly increased share capital of RMB102,336,500.00, with the remaining balance of RMB5,654,782,542.30 transferred to capital reserve.

Parent company: Beijing Jinyin Energy Consulting Co., Ltd.. Actual controller: JIN Xin.

The financial statements were approved and issued by the board of directors of the Company on August 21, 2026.

### IV. Basis of Preparation of Financial Statements

#### 1. Basis of preparation

These financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” issued by the Ministry of Finance, and various specific accounting standards, application guidelines for Accounting Standards for Business Enterprises, interpretations of Accounting Standards for Business Enterprises, and other relevant regulations (hereinafter collectively referred to as “Accounting Standards for Business Enterprises”), as well as the relevant provisions of the “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting” issued by the China Securities Regulatory Commission.

#### 2. Going concern

These financial statements have been prepared on the basis of going concern.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates

Specific accounting policies and accounting estimates indication:

The following disclosures covered the specific accounting policies and accounting estimates formulated by the Company based on its actual production and operation characteristics. For details, please refer to “V.11. Financial instruments”, “V.21. Fixed assets”, “V.24. Intangible assets”, “V.31. Revenue” and other sections in the notes.

### 1. Statement on compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and accurately and comprehensively reflects the consolidated and parent company's financial position of the Company as of June 30, 2026, as well as the consolidated and parent company's operating results and cash flows for the first half year of 2026.

### 2. Accounting period

An accounting year begins on January 1 and ends on December 31 of the Gregorian calendar.

### 3. Operating cycle

The operating cycle of the Company is 12 months.

### 4. Functional currency

The Company adopts RMB as its functional currency. Its overseas subsidiaries determine Euro, Polish Zloty, US Dollar and Korean Won as their functional currencies based on the currency of the primary economic environment in which they operate. The currency used by the Company in preparing these financial statements is RMB.

### 5. Methods for determining material criteria and basis for selection

☒ Applicable   ☐ Not applicable

| Item                                                                                                    | Material criteria                                                                                                                       |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Material accounts receivable with provision for bad debt on an individual basis                         | The individual amount exceeds RMB10 million                                                                                             |
| Accounts receivable with material amounts of provision for bad debt recovered or reversed in the period | The individual amount exceeds RMB10 million                                                                                             |
| Material write-off of accounts receivable in the period                                                 | The individual amount exceeds RMB10 million                                                                                             |
| Material debt investment                                                                                | The individual amount exceeds RMB10 million                                                                                             |
| Material construction in progress                                                                       | The budget amount of a single project is greater than 5% of the closing net assets or the closing balance is greater than RMB10 million |
| Material accounts payable for the period                                                                | The individual amount exceeds RMB10 million                                                                                             |

## V. Material accounting policies and accounting estimates (Continued)

### 6. Accounting treatments for business combinations under common control and not under common control

Business combination under common control: The assets and liabilities acquired by the acquirer in a business combination (including the goodwill created by the ultimate controlling party's acquisition of the acquiree) are measured based on the carrying amount of the acquiree's assets and liabilities in the ultimate controlling party's consolidated financial statements on the combination date. The difference between the carrying amount of the net assets acquired in the combination and the carrying amount of the consideration paid for the combination (or the total par value of the issued shares) is adjusted to the share premium in capital reserve. Adjustments shall be made to retained earnings in the event that the share premium in the capital reserve is not sufficient for offsetting.

Business combinations not under common control: The cost of combination is the assets paid, the liabilities incurred or committed and fair value of the equity securities issued by the acquirer for acquisition of control over the acquiree on the date of acquisition. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquirer in business combination, such difference shall be recognised as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. Each of the identifiable assets, liabilities and contingent liabilities of the acquiree, which are acquired in the combination and meet the criteria for recognition, shall be measured at fair value on the date of acquisition.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

### 7. Judgment criteria for control and preparation method of consolidated financial statements

#### (1) Judgment criteria for control

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and the scope of consolidation comprises the Company and all of its subsidiaries. Control refers to the power of a company over the investee, the rights to enjoy variable returns from its involvement in relevant activities of the investee, and the ability to use its power over the investee to affect the amount of its returns.

#### (2) Consolidation procedures

When preparing the consolidated financial statements, the Company considers the entire enterprise group as a single accounting entity and presents the overall financial position, operating results and cash flows of the enterprise group based on the consistent accounting policies. The impact of internal transactions between the Company and its subsidiaries, and among its subsidiaries, shall be offset. If internal transactions indicate impairment losses on relevant assets, such losses shall be recognised in full. Any inconsistent accounting policies and accounting period adopted by a subsidiary will be subject to necessary adjustments to align with those of the Company when preparing the consolidated financial statements.

## V. Material accounting policies and accounting estimates (Continued)

### 7. Judgment criteria for control and preparation method of consolidated financial statements (Continued)

#### (2) Consolidation procedures (Continued)

Owners' equity, net profit or loss of the period and comprehensive income attributable to minority interests of the period of subsidiaries are stated separately under owners' equity in the consolidated balance sheet, net profit in the consolidated income statement and total comprehensive income respectively. Loss of the period assumed by minority shareholders of a subsidiary in excess of minority shareholders' share of owners' equity in that subsidiary at the beginning of the period is offset against minority interests.

##### ① *Addition of subsidiary or business*

During the reporting period, if there is an addition of subsidiary or business due to business combination under common control, the operating results and cash flow of the subsidiary or business combination from the beginning of the period to the end of the reporting period will be included in the consolidated financial statements, and the amounts at the beginning of the period in the consolidated financial statements and relevant items in the comparative statements will also be adjusted as if the reporting entity after combination had been existing since the control of the ultimate controlling party started.

Where control over the investee under common control is obtained due to reasons such as increase in investments, for equity investment held before the control over the acquiree is obtained, profit or loss, other comprehensive income and other changes in net assets recognised from the later of the acquisition of the original equity interest and the date when the acquirer and the acquiree are placed under common control until the date of combination are offset against retained profit at the beginning of the period of the comparative financial statements or profit or loss of the period respectively

During the reporting period, if there is an addition of subsidiary or business due to business combination not under common control, it shall be included, from the date of purchase, in the consolidated financial statements based on the fair value of each of the identifiable assets, liabilities and contingent liabilities determined on the date of purchase.

Where control over the investee not under common control is obtained due to reasons such as increase in investments, for the equity interest of the acquiree held before the date of purchase, the Company remeasures the equity interest at its fair value as at the date of purchase, and any difference between the fair value and its book value will be accounted for as investment gains of the period. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity interest in the acquiree held before the date of purchase are transferred to investment gains of the period to which the date of purchase belongs.

## V. Material accounting policies and accounting estimates (Continued)

### 7. Judgment criteria for control and preparation method of consolidated financial statements (Continued)

#### (2) Consolidation procedures (Continued)

##### ② Disposal of subsidiary

##### A. General treatment for disposal

When control over the investee is lost due to the disposal of part of the equity investment or other reasons, the Company re-measures the remaining equity investment after the disposal at fair value as at the date on which control is lost. The difference between the sum of the consideration received from equity disposal and the fair value of the remaining equity interest and the sum of the net assets of the subsidiary proportionate to the original shareholding accumulated from the date of purchase or combination and goodwill is included in investment gains of the period during which the control is lost. Other comprehensive income that will be reclassified into losses and profits and other changes in owners' equity under equity accounting with respect to the equity investment in the original subsidiary are transferred to investment gains of the period during which the control is lost.

##### B. Stepwise disposal of subsidiary

In respect of stepwise disposal of equity investment in a subsidiary through multiple transactions until control is lost, if the terms, conditions and economic effects of the transactions of equity investment in the subsidiary satisfy one or more of the following conditions, the transactions are normally accounted for as a package of transactions:

- i. these transactions are entered into simultaneously or after considering the effects of each other;
- ii. these transactions constitute a complete commercial result as a whole;
- iii. one transaction is conditional upon at least one of the other transactions;
- iv. one transaction is not economical on its own but is economical when considering together with other transactions.

Where the transactions constitute a package of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary resulting in the loss of control; the difference between the amount received each time for disposal before control is lost and the net assets of such subsidiary corresponding to the disposal of investment is recognised as other comprehensive income in the consolidated financial statements, and upon loss of control, is transferred to profit or loss of the period during which control is lost.

Where the transactions do not constitute a package of transactions, before the loss of control, the transactions are accounted for based on partial disposal of equity investment in a subsidiary that does not involve loss of control; when control is lost, they are accounted for using the general method for disposal of subsidiaries.

## V. Material accounting policies and accounting estimates (Continued)

### 7. Judgment criteria for control and preparation method of consolidated financial statements (Continued)

#### (2) Consolidation procedures (Continued)

##### ③ *Purchase of minority interests in subsidiary*

For the difference between the long-term equity investment newly acquired due to the purchase of minority interests and the share of net assets of the subsidiary that the Company is entitled to calculated according to the new shareholding accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

##### ④ *Partial disposal of equity investment in subsidiary without loss of control*

For the difference between the consideration received from disposal and the net assets of the subsidiary that the Company is entitled to corresponding to the long-term equity investment disposed accumulated from the date of purchase or date of combination, share premium of the capital reserve in the consolidated balance sheet will be adjusted; where share premium of the capital reserve is insufficient for the write-down, retained profit will be adjusted.

### 8. Classification of joint arrangements and accounting treatment for joint operations

Joint arrangements can be classified into joint operations and joint ventures.

Joint operations represent the joint arrangement that a party to a joint arrangement has rights to the assets, and obligations for the liabilities, relating to such arrangement.

The Company recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Company and those jointly held on a prorate basis;
- (2) the liabilities assumed solely by the Company and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Company;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Company and those incurred by the joint operation on a pro-rata basis.



**V. Material accounting policies and accounting estimates** (Continued)**9. Recognition standard for cash and cash equivalents**

Cash represents the Company's cash on hand and deposits that can be used readily for payments. Cash equivalents represent investments held by the Company that satisfy four conditions, namely short-term, highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

**10. Foreign currency transactions and translation of financial statements denominated in foreign currency****(1) Foreign currency transactions**

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

**(2) Translation of financial statements denominated in foreign currency**

The assets and liabilities in the balance sheets are translated at the spot exchange rates on the balance sheet date; except for "Undistributed profit" items, all items under owner's equity are translated at the spot exchange rates when incurred. The income and expense items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of foreign operations, exchange differences in financial statements denominated in foreign currencies related to the foreign operation shall be transferred from owner's equity items to profit or loss to profit or loss from disposal for the period.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments

One of the financial assets, financial liabilities or equity instruments is recognised when the Company becomes a party to the contract of the financial instruments.

#### (1) Classification of financial instruments

According to the business model of the Company for management of financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified at the initial recognition as financial assets measured at amortized cost, or financial assets measured at fair value through other comprehensive income, or other financial assets that are measured at fair value through current profit or loss.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets measured at amortized cost:

- the objective of the business model is to collect contractual cash flows;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

The Company shall classify financial assets that meet the following conditions and are not designated as financial assets at fair value through current profit or loss as financial assets (debt instruments) measured at fair value through other comprehensive income:

- the objective of the business model for managing such financial assets is both to collect contractual cash flows and to dispose of the financial assets;
- the contractual cash flows are solely payment of the principal and the interest based on the outstanding principal amount.

For an investment in equity instruments not held for trading purposes, the Company may irrevocably designate it as financial assets (equity instruments) measured at fair value through other comprehensive income at the initial recognition. This designation is made on an investment-by-investment basis and the relevant investment meets the definition of equity instrument from the perspective of the issuer.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

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

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through current profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through current profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities, at initial recognition, are classified into financial liabilities at fair value through current profit or loss and financial liabilities measured at amortized cost.

When meeting any of the following criteria, the Company may, at initial recognition, designate a financial liability as measured at fair value through current profit or loss:

- ① *Such designation would eliminate or significantly reduce a measurement or recognition inconsistency.*
- ② *A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.*
- ③ *The financial liabilities include embedded derivatives which can be split separately.*

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

##### ① Financial assets measured at amortized cost

Financial assets measured at amortized cost, including notes receivables, trade receivables, other receivables, long-term receivables, and debt investments, are initially measured at fair value plus relevant transaction costs. Trade receivables that do not contain significant financing components and trade receivables that the Company has decided not to consider for a financing component of no more than one year are initially measured at the contractual transaction price.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in current profit or loss.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

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

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

Financial assets (debt instruments) measured at fair value through other comprehensive income, including financing receivables and other debt investments, are initially measured at fair value plus relevant transaction costs. These financial assets are subsequently measured at fair value, with changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method.

On derecognition, the accumulated gain or loss previously recognised in other comprehensive income is transferred out from other comprehensive income and recognised in current profit or loss.

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

Financial assets (equity instruments) measured by fair value through other comprehensive income, including other equity instruments, are initially measured at fair value plus relevant transaction costs, and subsequently measured at fair value through other comprehensive income. The dividends received are included in current profit or loss.

When derecognised, the accumulated gain or loss previously recognised in other comprehensive income is transferred from other comprehensive income to retained earnings.

##### ④ *Financial assets measured at fair value through current profit or loss*

Financial assets measured at fair value through current profit or loss, including held-for-trading financial assets, derivative financial assets and other non-current financial assets, are initially measured at fair value with relevant transaction costs included in current profit or loss, and subsequently measured at fair value through current profit or loss.

##### ⑤ *Financial liabilities measured at fair value through current profit or loss*

Financial liabilities measured at fair value through current profit or loss, including held-for-trading financial liabilities, derivative financial liabilities, etc., are initially measured at fair value with relevant transaction costs recognised in current profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in fair value are recognised in current profit or loss.

On derecognition, the difference between the carrying amount and the consideration paid is recognised in current profit or loss.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

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

##### ⑥ *Financial liabilities measured at amortized cost*

Financial liabilities measured at amortized cost, including short term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, are initially measured at fair value plus relevant transaction costs.

Interest calculated under the effective interest method during the period of holding is included in current profit or loss.

On derecognition, the difference between the consideration paid and the carrying amount of the financial liability is recognised in current profit or loss.

#### (3) Derecognition of financial assets and recognition basis and measurement method for financial asset transfers

The Company derecognizes a financial asset if it meets one of the following conditions:

- The contractual rights to receive the cash flows from the financial asset expire;
- The financial asset has been transferred, and substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferee;
- The financial asset has been transferred, and the Company neither transferred nor retained substantially all rewards related to the ownership of the financial assets, but did not retain its control over the said financial assets.

If the Company revises or renegotiates the contract with the counterparty and the modification constitutes substantial modification, the original financial liability is derecognised and the new financial liability is recognised in accordance with the revised terms.

When transferring a financial asset, if the Company retains substantially all risks and rewards of ownership of the financial asset, the Company shall continue to recognize such financial asset.

When judging whether the transfer of a financial asset meets the above criteria for derecognition, the substance-over-form principle shall be applied.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (3) Derecognition of financial assets and recognition basis and measurement method for financial asset transfers (Continued)

The Company differentiates the transfer of a financial asset as full transfer or partial transfer. If the full transfer of a financial asset meets the criteria for derecognition, then the difference between the following two included in current profit or loss:

- ① *The book value of the financial asset transferred;*
- ② *The sum of the consideration received from the transfer and the total amount of the fair value changes that is directly charged or credited to owners' equity (if the financial asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).*

When the partial transfer of a financial asset meets the criteria for derecognition, the entire book value of the financial asset transferred shall be allocated between the part derecognised and the part to be recognised based on their respective fair value, with the difference between the following two included in current profit or loss:

- ① *The book value of the part that is derecognised;*
- ② *The sum of the consideration attributable to the part derecognised and the total amount of the fair value changes that is directly charged or credited to owners' equity and attributable to the part derecognised (if the asset transferred is a financial asset (debt instruments) at fair value through other comprehensive income).*

If the transfer of a financial asset does not meet the criteria for derecognition, the financial asset shall continue to be recognised and the consideration received is recognised as a financial liability.



## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (4) Derecognition of financial liabilities

If all or part of the current obligations of a financial liability have been discharged, the financial liability or part of it will be derecognised; if the Company signs an agreement with the creditor to replace the existing financial liability with new financial liability of substantially different contractual terms, the existing financial liability shall be derecognised while the new financial liability shall be recognised.

If substantial changes are made to the contractual terms (in whole or in part) of the existing financial liability, the existing financial liability (or part of it) shall be derecognised, and the financial liability after the modification of terms shall be recognised as a new financial liability.

When a financial liability is derecognised in whole or in part, the difference between the book value of the financial liability derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

If the Company repurchases part of a financial liability, the book value of the entire financial liability is allocated between the part that continues to be recognised and the part that is derecognised on the repurchase date based on their respective relative fair value. The difference between the book value assigned to the part derecognised and the consideration paid (including the non-cash assets transferred out or the new financial liability assumed) shall be included in current profit or loss.

#### (5) Determination of fair value of financial assets and financial liabilities

As for financial instruments with an active market, their fair values are determined by quoted prices in the active market. As for financial instruments without an active market, their fair values are determined by using valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable in the current circumstances and sufficiently supported by available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities considered by the market participants in the transactions of the relevant assets or liabilities, and prioritizes the use of relevant observable inputs. Unobservable inputs are used only if the relevant observable inputs are unavailable or not reasonably available.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (6) Test and accounting methods for impairment of financial instruments

The Company performs impairment accounting on the basis of the expected credit losses for financial assets measured at amortized cost financial assets (debt instruments) measured at fair value through other comprehensive income and the financial guarantee contract, etc.

The probability-weighted amount of the difference in present value between the contractual cash flow of receivable from contracts and the cash flow expected to be received, weighted with the risk of default, will be measured by taking into account of reasonable and valid information on, among other things, past events, current status and the forecast of future economic conditions to recognize the expected credit losses.

For trade receivables and contract assets formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 14 – Revenue whether contain significant financing components or otherwise, the Company always measures the loss provision at the amount equal to the lifetime expected credit loss.

For lease receivables formed by the transactions regulated in the Accounting Standards for Business Enterprises No. 21 – Lease, the Company chooses to always measure the loss provisions at the amount equal to the lifetime expected credit loss.

For other financial instruments, the Company assesses at each balance sheet date the changes in the credit risk of the relevant financial instrument since initial recognition.

In determining changes in the risk of default during the expected lifetime of a financial instrument and assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition. Usually, if it is overdue for more than 30 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence to prove that the credit risk on a financial instrument has not increased significantly since initial recognition.

For a financial instrument with lower credit risk on the balance sheet date, the Company assumes that its credit risk on a financial instrument has not increased significantly since the initial recognition.

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (6) Test and accounting methods for impairment of financial instruments (Continued)

If the credit risk of a financial instrument has increased significantly since the initial recognition, the Company measures the loss provisions according to the amount of the lifetime expected credit loss of the financial instrument; if the credit risk on a financial instrument has not increased significantly since the initial recognition, the Company measures the loss provisions at an amount equal to the next 12-month expected credit losses of the financial instrument. The resulting increase in or reversal of loss provision shall be included in current profit or loss as impairment losses or gains. For financial assets (debt instruments) measured at fair value through other comprehensive income, the loss provision is recognised in other comprehensive income, and the impairment losses or gains shall be included in current profit or loss, without reducing the book value of the financial asset as stated in the balance sheet.

**The specific classification of financial assets related to the Company's business involved in the execution of financial instruments is as follows:**

For bills receivables, accounts receivable, prepayments, other receivables, financing receivables, loans and advances to customers, and long-term receivables, where there is objective evidence indicating impairment and where individual assessment is applicable, an independent impairment test is conducted to recognize expected credit losses and make individual impairment provisions. For bills receivables, accounts receivable, other receivables, financing receivables, loans and advances to customers and long-term receivables where there is no objective evidence of impairment or where information on the expected credit losses of individual financial assets cannot be assessed at a reasonable cost, the Company divides bills receivables, accounts receivable, other receivables, financing receivables and long-term receivables into several portfolios based on credit risk characteristics. Expected credit losses are calculated on a portfolio basis. The basis for portfolio determination and the method for calculating expected credit losses are as follows:

① ***Basis for determination of bills receivables portfolio and the method for calculating expected credit losses:***

| <u>project</u>    | <u>Basis for determination of the portfolio</u> | <u>Method for measuring expected credit losses</u>                                                               |
|-------------------|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| Bills receivables | Bank acceptance bill                            | Taking the credit rating of the accepting bank in a bank acceptance bill as a credit risk characteristic         |
|                   | Commercial acceptance bill                      | Taking the credit rating of the accepting company in commercial acceptance bills as a credit risk characteristic |

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (6) Test and accounting methods for impairment of financial instruments (Continued)

##### ② Basis for recognizing accounts receivable portfolios and method for calculating expected credit losses:

| Item                | Basis for determination of the portfolio | Method for measuring expected credit losses                                                                                                                                                                                                                            |
|---------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accounts receivable | Aging portfolio                          | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, a comparison table of accounts receivable aging and lifetime expected credit loss rate is compiled to calculate expected credit losses     |
|                     | Low-risk credit portfolio                | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss rate for this portfolio is 0, as determined by the exposure at default and the lifetime expected credit loss rate |

##### ③ Basis for recognizing financing receivables portfolios and method for calculating expected credit losses:

| Item                  | Classification      | Basis for determination of the portfolio | Method for measuring expected credit losses                                                                                                                                                                                                                            |
|-----------------------|---------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Receivables financing | Bills receivables   | Bank acceptance bill                     | Taking the credit rating of the accepting bank in the bank acceptance bill as a credit risk characteristic                                                                                                                                                             |
|                       |                     | Commercial acceptance bill               | Taking the credit rating of the accepting company in commercial acceptance bills as a credit risk characteristic                                                                                                                                                       |
|                       | Accounts receivable | Aging portfolio                          | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, a comparison table of accounts receivable aging and lifetime expected credit loss rate is compiled to calculate expected credit losses     |
|                       |                     | Low-risk credit portfolio                | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss rate for this portfolio is 0, as determined by the exposure at default and the lifetime expected credit loss rate |

## V. Material accounting policies and accounting estimates (Continued)

### 11. Financial instruments (Continued)

#### (6) Test and accounting methods for impairment of financial instruments (Continued)

##### ④ Basis for recognizing other receivables portfolios and method for calculating expected credit losses:

| Item                                      | Basis for determination of the portfolio        | Method for measuring expected credit losses                                                                                                                                                                                                                                   |
|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Other receivables – dividends receivables | Related parties outside the consolidation scope | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, a comparison table of aging of dividends receivables and the lifetime expected credit loss rate is compiled to calculate the expected credit loss |
|                                           | Related parties within the consolidation scope  | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss rate for this portfolio is 0, as determined by the exposure at default and the lifetime expected credit loss rate        |
| Receivables from others                   | Aging portfolio                                 | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, a comparison table of aging of other receivables and the lifetime expected credit loss rate is compiled to calculate expected credit losses       |
|                                           | Low-risk credit portfolio                       | Based on historical credit loss experience, combined with current conditions and predictions of future economic conditions, the expected credit loss rate for this portfolio is 0, as determined by the exposure at default and the lifetime expected credit loss rate        |

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 12. Bills receivables

For details, please refer to “V. 11. Financial instruments” in the notes.

### 13. Accounts receivable

For details, please refer to “V. 11. Financial instruments” in the notes.

### 14. Receivables financing

For details, please refer to “V. 11. Financial instruments” in the notes.

### 15. Other receivables

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

For details, please refer to “V. 11. Financial instruments” in the notes.

### 16. Contract assets

#### (1) Recognition and standard of contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The consideration that the Company has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as a contract asset. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The right of the Company to charge the customer unconditionally (only depending on the passage of time) is listed as a receivable individually.

#### (2) Method for determining expected credit losses of contract assets and accounting treatment method

For the method for determining the expected credit losses of contract assets and the accounting treatment method, please refer to “V. 11. Financial instruments” in the notes.



## V. Material accounting policies and accounting estimates (Continued)

### 17. Inventories

#### (1) Classification and cost of inventories

Inventories are classified into raw materials, turnover materials, consigned processing materials, work in progress, contract performance costs, inventory goods, and goods shipped, etc.

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

#### (2) Measurement for inventories delivered

Inventories are priced using the weighted average method when they are delivered.

#### (3) Inventory system

The perpetual inventory system is adopted.

#### (4) Amortization method for low-value consumables and packaging materials

① *The one-off write-off method is adopted for low-value consumables.*

② *The packaging materials are amortized using the one-off write-off method.*

#### (5) Recognition criteria and provision methods for the provision for impairment of inventories

On the balance sheet date, inventories are stated at the lower of cost and net realisable value. When the cost of inventories was higher than their net realisable value, a provision for inventory impairment shall be made. Net realisable value is the estimated selling price of the inventories in the ordinary course of business deducting the estimated costs upon completion, the estimated selling expenses and the related taxes.

For finished goods, inventory goods, and materials intended for sale, which are directly used for sale, their net realizable value is determined by subtracting estimated selling expenses and related taxes from the estimated selling price of the inventory during the normal course of production and operation. For material inventories that require processing, their net realizable value is determined by subtracting the estimated costs to be incurred until completion, estimated selling expenses, and related taxes from the estimated selling price of the finished products produced during the normal course of production and operation. For inventories held to fulfill sales contracts or labor contracts, their net realizable value is calculated based on the contract price. If the quantity of inventories held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventories is calculated based on the general selling price.

After the provision for inventory impairment has been made, if the factors resulting in the previously recorded inventory impairment disappeared, as a result of which the net realisable value of the inventories became higher than its book value, it would be written back to the extent of the original provision for inventory impairment made, and such written-back amounts would be charged to the current profit or loss.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 18. Assets held for sale

Where the Company recovers the carrying amount of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, deferred tax assets and the assets arising from employee compensation) or disposed asset portfolio classified assets as held for sale, where its carrying amount is higher than the net amount of its fair value less the selling expense, the carrying amount shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognised as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

### 19. Debt investment

For details, please refer to “V. 11. Financial instruments” in the notes.

## V. Material accounting policies and accounting estimates (Continued)

### 20. Long-term equity investments

#### (1) Joint control or significant influence criterion

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Company together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of investee, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company can exercise significant influence over an investee, the investee is an associate of the Company.

#### (2) Determination of initial investment cost

##### ① *Long-term equity investments acquired through business combination*

For a long-term equity investment in subsidiaries resulting from a business combination involving entities under common control, the initial investment cost of long-term equity investments is its share of the book value of the owner' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of paid consideration is to adjust share premium in the capital reserve. If the balance of share premium in the capital reserve is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, the difference between initial investment cost of long-term equity investment according to the aforesaid principle, and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

For a long-term equity investment in subsidiaries resulting from a business combination involving entities not under common control, the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost shall be the sum of the carrying value of the equity investment originally held and the newly increased investment cost.

##### ② *Long-term equity investments acquired by other means other than business combination*

The initial investment cost of a long-term equity investment obtained by the Company by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Company by means of issuance of equity securities shall be the fair value of the equity securities issued.

## V. Material accounting policies and accounting estimates (Continued)

### 20. Long-term equity investments (Continued)

#### (3) Subsequent measurement and recognition of profit or loss

##### ① *Long-term equity investment accounted for by cost method*

Long-term equity investment in a subsidiary is accounted for using cost method unless the investment meets the conditions of held-for-sale. Except for the actual consideration paid for the acquisition of investment or the declared but not yet distributed cash dividends or profits which are included in the consideration, investment gains are recognised as the Company's share of the cash dividends or profits declared by the investee.

##### ② *Long-term equity investment accounted for by equity method*

Long-term equity investments in associates and jointly controlled entities are accounted for using equity method. Where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost; where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to current profit or loss and the cost for long-term equity investment shall be adjusted.

The Company recognizes the investment income and other comprehensive income according to its shares of net profit or loss and other comprehensive income realised by the investee respectively, and simultaneously makes adjustment to the carrying value of long-term equity investments. The carrying value of long-term equity investment shall be reduced by attributable share of the profit or cash dividends for distribution declared by the investee. In relation to other changes of owner's equity (the "Other Changes of Owner's Equity"), except for net profits or losses, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment shall be adjusted and included in owner's equity.

The Company's share of net profit or loss, other comprehensive income and Other Changes of Owner's Equity of an investee is determined based on the fair value of identifiable net assets of the investee at the time when the investment is obtained, and according to the accounting policies and accounting period of the Company, recognition shall be made to the net profit of the investee after the adjustment and to other comprehensive income, etc.

The unrealised profit or loss which is attributable to the Company calculated based on its attributable percentage resulting from transactions between the Company and its associates or joint venture shall be eliminated in, based on which investment income shall be recognised, other than those assets consumed or disposed of which constitute business. Any unrealised losses resulting from transactions with the investee, which are attributable to impairment of assets, shall be fully recognised.

The Company 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 Company's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Company has an obligation to assume additional losses. Where net profits are subsequently made by the associate or joint venture, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

## V. Material accounting policies and accounting estimates (Continued)

### 20. Long-term equity investments (Continued)

#### (3) Subsequent measurement and recognition of profit or loss (Continued)

##### ③ *Disposal of long-term equity investments*

For disposal of a long-term equity investment, the difference between the book value and the consideration actually received shall be included in current profit or loss.

For the certain long-term equity investment treated under the equity method, where the remaining equity continues to be accounted for using the equity method, the other comprehensive income previously recognised under the equity method shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity shall be transferred in proportion into current profit or loss.

When the Company loses the mutual control or material influence over the investee due to disposal of equity investment and other reasons, for other comprehensive income recognised in the original equity investment due to the equity method is adopted, it shall be treated using the same accounting basis as the investee used for direct disposal of relevant assets or liabilities when ceasing to use the equity method. Other Changes of Owner's Equity shall be transferred into the current profit or loss when ceasing to use the equity method.

When the Company loses the control over the investee due to partially disposal of equity investment and other reasons, the remaining equity interest after disposal shall be accounted for under equity method in preparation of separate financial statements provided that joint control or material influence over the investee can be imposed and shall be adjusted as if such remaining equity interest had been accounted for under the equity method since being obtained. The other comprehensive income previously recognised before obtaining the control over the investee shall be transferred in proportion by using the same basis as the investee used for direct disposal of relevant assets or liabilities. Other Changes of Owner's Equity recognised as a result of the adoption of the equity method shall be transferred to the current profit or loss on pro rata basis. Where the remaining equity interest after disposal cannot exercise joint control or exert material influence over the investee, it shall be recognised as financial asset, and the difference between fair value and the carrying value on the date of losing control shall be included in current profit or loss. All the other comprehensive income and Other Changes of Owner's Equity recognised before obtaining the control over the investee shall be transferred.

For disposal of the equity investment in a subsidiary in stages by multiple transactions resulting in the loss of control, where the Company accounts for a package deals, accounting treatment shall be conducted for all transactions as the equity investment for disposal of a subsidiary and the transaction in the loss of control. In the individual financial statements, the differences between the consideration disposed and the corresponding carrying value of long-term equity investment of the disposed equity in each transaction prior to the loss of control shall be recognised in other comprehensive income first and transferred to the current profit or loss when the parent eventually loses control over the subsidiary. Where the Company does not account for a package deals, accounting treatment shall be conducted for each transaction individually.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 21. Fixed assets

#### (1) Recognition conditions

Fixed assets are tangible assets that are held for use in production or supply of goods or services, for rental to others, or for administrative purposes, and have a useful life of more than one accounting year. Fixed asset is recognised when it meets the following conditions:

- ① *It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;*
- ② *Its cost can be reliably measured.*

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

For subsequent expenses related to fixed assets, if the related economic benefits are likely to flow into the enterprise and its cost could be reliably measured, such expenses are included in the cost of the fixed asset; and the carrying amount of the replaced part will be derecognised; all other subsequent expenses are included in current profit or loss upon occurrence.

#### (2) Methods for depreciation

| Category                                       | Depreciation method  | Useful life    | Residual value rate                      | Annual depreciation rate |
|------------------------------------------------|----------------------|----------------|------------------------------------------|--------------------------|
| Houses and buildings                           | Straight-line method | 20 to 30 years | 4%                                       | 3.20%-4.80%              |
| Machinery and equipment                        | Straight-line method | 12 to 25 years | 4%                                       | 3.84%-8.00%              |
| Transportation equipment                       | Straight-line method | 6 to 25 years  | 4%, estimated scrap steel value (note 1) | (note 2)                 |
| Port facilities and their auxiliary facilities | Straight-line method | 50 years       | 4%                                       | 1.92%                    |
| Other                                          | Straight-line method | 3 to 5 years   | 4%                                       | 19.20%-32.00%            |

Note 1: The estimated net residual value of the ship is determined based on the estimated scrap steel value at the time of disposal.

Note 2: The annual depreciation rate of ships is determined based on their estimated net residual value, while the annual depreciation rate of other transportation equipment ranges from 3.84% to 16.00%.



## V. Material accounting policies and accounting estimates (Continued)

### 21. Fixed assets (Continued)

#### (2) Methods for depreciation (Continued)

Fixed assets will be depreciated by using the straight-line method by category and the depreciation rate shall be recognised according to the category, estimated useful lives and estimated net residual value rate of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the carrying amount after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or provide economic benefits for the enterprise in different ways, then different depreciation rates or methods are chosen to separately provide for depreciation.

#### (3) Disposal of fixed assets

A fixed asset is derecognised on disposal or when no future economic benefits are expected from using or disposal. The amount of proceeds on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in current profit or loss.

### 22. Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the construction in progress ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

### 23. Borrowing costs

#### (1) Criteria for recognition of capitalised borrowing costs

The Company's borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised into the cost of relevant assets. Other borrowing costs are recognised as expenses in profit or loss in the period in which they are incurred.

Qualifying assets include fixed assets, investment property and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

## V. Material accounting policies and accounting estimates (Continued)

### 23. Borrowing costs (Continued)

#### (2) Capitalisation period of borrowing costs

The capitalisation period refers to the period beginning from the commencement of capitalising borrowing costs to the date of ceasing capitalisation, excluding the period of suspension of capitalisation.

Capitalisation of borrowing costs begins when the following three conditions are fully satisfied:

- ① expenditures for the assets (including cash paid, non-currency assets transferred or interest-bearing liabilities assumed for the acquisition, construction or production of qualifying assets) have been incurred;
- ② borrowing costs have been incurred;
- ③ acquisition, construction or production that are necessary to enable the asset to get ready for their intended use or sale have commenced.

Capitalisation of borrowing costs shall cease when the qualifying asset under acquisition, construction or production gets ready for intended use or sale.

#### (3) Suspension of capitalisation period

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally, and the interruption is for a continuous period of more than 3 months; if the interruption is a necessary step for making the qualifying asset under acquisition, construction or production ready for the intended use or sale, the capitalisation of the borrowing costs shall continue. The borrowing costs incurred during such period of interruption shall be recognised in current profit or loss. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

## V. Material accounting policies and accounting estimates (Continued)

### 23. Borrowing costs (Continued)

#### (4) Capitalisation rate and calculation of capitalisation amount of borrowing costs

As to specific borrowings for the acquisition, construction or production of qualifying assets, borrowing costs from the specific borrowings actually incurred in the period minus the interest income earned on the unused borrowing loans as a deposit in the bank or the investment income earned from temporary investment will be used to determine the amount of borrowing costs for capitalisation.

As to general borrowings for the acquisition, construction or production of qualifying assets, the to-be capitalised amount of borrowing costs on the general borrowing shall be calculated and determined by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the specific borrowings and the capitalisation rate of the said general borrowings. The capitalisation rate shall be calculated and determined according to the weighted average actual interest rate of general borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific purpose borrowing are included in the current profits and losses.

### 24. Intangible assets

#### (1) Useful life and the bases for determination, estimation, amortization methods or the review procedures

##### ① *The Company conducts initial measurement of intangible assets at cost upon acquisition;*

The cost of acquiring intangible assets includes the purchase price, relevant taxes, and other expenses directly attributable to bringing the asset to its intended use.

##### ② *Subsequent measurement*

Analyze and judge the useful life of intangible assets when acquiring them.

For intangible assets with a definite life, they are amortized within the period during which they bring economic benefits to the enterprise; if the period during which the intangible assets bring economic benefits to the enterprise cannot be predicted, they are regarded as intangible assets with an indefinite life and are not amortized.

## V. Material accounting policies and accounting estimates (Continued)

### 24. Intangible assets (Continued)

#### (1) Useful life and the bases for determination, estimation, amortization methods or the review procedures (Continued)

##### ③ *Estimation of the useful life of intangible assets with a definite life*

| Item                | Estimated useful life (years) | Amortization method  | Basis for determining the expected useful life |
|---------------------|-------------------------------|----------------------|------------------------------------------------|
| Land use right      | 50                            | Straight-line method | Land use term                                  |
| Patent right        | 5-10                          | Straight-line method | Estimated useful life                          |
| Software            | 3-5                           | Straight-line method | Estimated useful life                          |
| Sea area use rights | 50                            | Straight-line method | Useful life of sea area                        |

##### ④ *Determination basis of intangible assets with indefinite useful life and procedures for review of the useful life thereof*

As of the balance sheet date, the Company has no intangible assets with an indefinite life.

#### (2) Scope of attribution of R&D expenses and related accounting treatment

##### ① *Scope of attribution of R&D expenses*

The Company categorizes various expenses directly related to conducting research and development ("R&D") activities as R&D expenses, including salaries and wages for R&D personnel, direct input expenses, depreciation expenses, and other expenses.

##### ② *Specific criteria for distinguishing between research and development stages*

The expenses for internal R&D projects of the Company are divided into expenses in the research phase and expenses in the development phase.

Research phase: a phase in which innovative and scheduled investigations and research activities are conducted to obtain and understand new scientific or technological knowledge.

Development phase: a phase in which the research outcomes or other knowledge are applied for a plan or a design prior to the commercial production or use in order to produce new or substantially improved materials, devices, products, etc.

## V. Material accounting policies and accounting estimates (Continued)

### 24. Intangible assets (Continued)

#### (2) Scope of attribution of R&D expenses and related accounting treatment (Continued)

##### ③ *Specific conditions for capitalisation of expenditure incurred in development phase*

Expenditures incurred in the research stage are recognised in profit or loss for the period. Expenditures incurred in the development stage are recognised as intangible assets only when all of the following conditions are satisfied, and the expenditures in the development stage that does not meet all of the following conditions are recognised in profit or loss for the period:

- A. the technical feasibility of completing the intangible asset so that it will be available for use or for sale;
- B. the intention to complete the intangible asset for use or for sale
- C. the ways in which the intangible asset generates economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market, or if the intangible asset is for internal use, there is evidence that proves its usefulness;
- D. the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- E. the expenditures attributable to the development phase of the intangible asset could be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, all of which should be included in the current profit or loss.

### 25. Impairment of long-term assets

Long-term assets such as long-term equity investments, fixed assets, construction in progress, right-to-use assets, intangible assets with a finite useful life are tested for impairment if there is any indication that such assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised 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. Provision for asset impairment is determined and recognised 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.

Goodwill formed by business merger, intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment at least at the end of each year regardless of whether there is any sign of impairment.

When the Company performs impairment test on goodwill, the Company shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill formed by merger of enterprises to the relevant asset groups, or if there is a difficulty in allocation, to allocate it to the set of asset groups. The related asset groups or the set of asset groups refers to these ones that can benefit from the synergies of a business combination.

## V. Material accounting policies and accounting estimates (Continued)

### 25. Impairment of long-term assets (Continued)

For the purpose of impairment test on the relevant asset groups or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset groups or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then, the Company will conduct impairment tests on the asset groups or set of asset groups that includes goodwill and compare its carrying value against its recoverable amount. If the recoverable amount is lower than its carrying value, the amount of impairment loss is first offset against the carrying value of the goodwill allocated to the asset groups or set of asset groups, then, based on the proportion of the carrying value of other assets in the asset groups or set of asset groups other than goodwill, offset against the carrying value of other assets proportionally.

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

### 26. Long-term deferred expenses

Long-term deferred expenses are expenses which have occurred but will benefit over 1 year and shall be amortized over the period and subsequent periods.

### 27. Contract liabilities

The Company has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Company has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

### 28. Employee benefits

#### (1) Accounting treatment methods of short-term benefits

In the accounting period in which employees provide service for the Company, short-term benefits actually incurred are recognised as liabilities and charged to current profit or loss or cost of relevant assets.

With regard to the social insurance and housing provident funds contributed and labour union expenses and employee education expenses paid as required by regulations, the Company should calculate and recognise the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

At the time of actual occurrence, the Company's employee benefits are recorded in the current profit or loss or costs of relevant assets as incurred. The non-currency welfare expenses are measured at fair value.



## V. Material accounting policies and accounting estimates (Continued)

### 28. Employee benefits (Continued)

#### (2) Accounting treatment methods of post-employment benefits

##### ① *Defined contribution scheme*

The Company will pay basic pension insurance and unemployment insurance for the staff in accordance with the relevant provisions of the local government. During the accounting period when the staff provides service, the Company will calculate the amount payable in accordance with the local stipulated basis and proportions which will be recognised as liabilities, and the liabilities would be charged into current profit or loss or costs of relevant assets.

##### ② *Defined benefit plan*

In respect of the defined benefit plan, the Company shall attribute the welfare obligations under the defined benefit plan in accordance with the formula determined by projected unit credit method to the service period of relevant employee, and record the obligation in profit loss for the period or costs of related assets.

The deficit or surplus generated from the present value of obligations of the defined benefit plan minus the fair value of the assets of defined benefit plan is recognised as net liabilities or net assets of a defined benefit plan. When the defined benefit plan has surplus, the Company will measure the net assets of the defined benefit plan at the lower of the surplus of defined benefit plan and the upper limit of the assets.

All defined benefit plans obligations, including the expected duty of payment within 12 months after the end of annual reporting period during which the staff provided service, are discounted based on the market yield of government bonds matching the term and currency of defined benefit plan obligations or corporate bonds of high quality in the active market on the balance sheet date.

The service cost incurred by the defined benefit plan and the net interest of the net liabilities and net assets of the defined benefit plan would be charged to current profit or loss or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan would be included in other comprehensive income and are not reversed to profit or loss in a subsequent accounting period; when the previously defined benefits plan is terminated, such amount previously included in other comprehensive income shall be transferred to undistributed profit.

When the defined benefit plan is settled, the gain or loss is recognised based on the difference between the present value of obligations under the defined benefit plan and the settlement price at the balance sheet date.

#### (3) Accounting treatment of termination benefits

When the Company provides employees with termination benefits, the employee compensation liabilities arising from termination benefits are recognised and recorded in current profit or loss whichever of the following is earlier: when the Company cannot unilaterally revoke such termination benefits provided due to dissolution of labour relationship plan or layoff proposal; when the Company recognises such cost or expenses associated with the restructuring involving the payment of termination benefits.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 29. Provisions

The Company shall recognise an obligation related to contingency as the estimated liability when all of the following conditions are satisfied:

- (1) **such obligation is the present obligation of the Company;**
- (2) **the performance of such obligation is likely to lead to an outflow of economic benefits of the Company;**
- (3) **the amount of such obligation can be reliably measured.**

The provisions are initially measured at the best estimate of expenditure required for the performance of relevant present obligations.

The Company shall take into consideration the risks, uncertainties, time value of money and other factors relating to the contingencies in determining the best estimate. If the time value of money is significant, the best estimates shall be determined after discount of relevant future cash outflow.

If there is a successive range of the required expenditure, and the likelihood of occurrence of various results within the range is the same, the best estimate is determined by the intermediate value of the range. In other cases, the best estimate are handled as follows:

- Where the contingency is related to individual item, the best estimate should be determined as the most likely amount.
- Where the contingency is related to a number of items, the best estimate should be calculated and determined according to the various possible results and the relevant probabilities.

When all or part of the expenditures necessary for the settlement of an estimated liability is expected to be compensated by a third party, the compensation should be separately recognised as an asset only when it is virtually certain that the compensation will be received. The amount recognised for the compensation should not exceed the carrying amount of provisions.

The Company reviews the carrying amount of provisions on balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimate.

**V. Material accounting policies and accounting estimates** (Continued)**30. Share-based payment**

The Company's share-based payment represents transactions in which the Company receives services from employee by granting equity instruments or incurring liabilities that are based on the price of the equity instruments to the employee or other suppliers. The Company's share-based payment included equity-settled share-based payment and cash-settled share-based payment.

**(1) Equity-settled share-based payment and equity instrument**

As to an equity-settled share-based payment in return for services of employees, calculation will be based on the fair value of the equity instrument granted to the employees. If the share-based payment transactions granted to employees vest immediately, the fair value of the share-based payment transactions granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the share-based payment transactions granted to employees do not vest until the completion of services for a vesting period, or until the achievement of specified performance conditions, the Company, on each balance sheet date during the vesting period, according to the best estimate of the number of feasible equity instruments, includes the services received in the period into the relevant cost or expense on the basis of the fair value on the date of grant, with a corresponding increase in capital reserve.

If the terms of the equity-settled share-based payment are amended, the Company shall recognise the services received at least based on the situation before the amendment was made. In addition, any amendment resulting in the increase of the fair value of the equity instrument granted or changes that are beneficial to the staff on the amendment date, will be recognised as an increase in the service received.

During the vesting period, where the granted equity instrument is cancelled, the Company shall accelerate the exercise of rights thereunder, recognizing the outstanding amount for the remainder of the vesting period in profit or loss, while recognizing capital reserve. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to the cancelled equity instruments, the treatment on the new equity instrument is in conformity with the modified treatment on disposal of equity instrument with the same terms and conditions.

## V. Material accounting policies and accounting estimates (Continued)

### 30. Share-based payment (Continued)

#### (2) Cash-settled share-based payment and equity instrument

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. If the share-based payment transactions granted to employees vest immediately, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the share-based payment transactions granted to employees do not vest until the completion of services for a vesting period, or until the specified performance conditions are met, at each balance sheet date during the vesting period, the services obtained in the period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured and the changes will be included in the profit or loss for the period.

The Company modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, which shall be measured at the fair value of the equity instrument granted on the date of modification (whether it occurs during or after the end of the vesting period), and the services acquired shall be included in capital surplus, while the liability recognised for the cash-settled share – based payment on the date of modification shall be derecognised, and the difference in between shall be included in profit or loss for the period. If the vesting period is extended or shortened as a result of the modification, the Company shall conduct accounting treatment in accordance the modified vesting period.

### 31. Revenue

The Company discloses the accounting policies adopted for revenue recognition and measurement based on business types. The Company recognises revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services. Control of a good or service refers to the ability to direct the use of the good or service, and obtain substantially all of the benefits from the goods or services.

If a contract contains two or more performance obligations, at the commencement of the contract, the Company allocates the transaction price into each individual performance obligation according to the relative proportion of each individual selling price of goods or services committed by individual performance obligation, and recognises the revenue according to the transaction price allocated to each individual performance obligation.

## V. Material accounting policies and accounting estimates (Continued)

### 31. Revenue (Continued)

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer. The Company considers the terms of the contract and its customary business practices to determine the transaction price. When determining the transaction price, the Company considers the effects of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer. The Company determines the transaction price that includes variable considerations based on the amount not exceeding the revenue accumulatively recognised which is not likely to be significantly reversed when the relevant uncertainty disappears. Where there are significant financing elements in the contract, the Company recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid in cash when (or as) the customer had obtained control over such goods or services. The difference between the transaction price and the amount of contract consideration is amortized using an effective interest method over the contract term.

When one of the following conditions is satisfied, the Company is considered to have fulfilled an obligation within a certain period of time. Otherwise, the Company is considered to have fulfilled an obligation at a certain point in time:

- At the same time when the Company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the Company's performance.
- The customers can control the goods under construction in the course of the Company's performance.
- Goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

Where performance of a single service contract takes place over a certain period of time, revenue should be recognised as performance takes place, except where the stage of performance cannot be determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the fulfillment progress of the performance. When the fulfillment progress of the performance cannot be determined reasonably, but is expected to recover the costs incurred, the Company should recognise revenue only to the extent of the cost until a reliable measure of progress can be made.

# FINANCIAL REPORT

## V. Material accounting policies and accounting estimates (Continued)

### 31. Revenue (Continued)

For a performance obligation satisfied at a point in time, the Company shall recognise revenue when the customer obtains control of relevant goods or services. In judging whether customers obtain control of promised goods or services, the Company considers the following indications:

- the Company enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time.
- the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity.
- the Company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods.
- the Company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity.
- the customer has accepted the goods or services.

The Company assesses whether it controls each specified good or service before that good or service is transferred to the customer to determine whether the Company is a principal or an agent. If the Company controls the specified good or service before that good or service is transferred to a customer, the Company is a principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Company is an agent and recognises revenue in the amount of any fee or commission to which it expects to be entitled.

The Company recognises revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods or services.

The general principles for the Company to recognize sales revenue from wind power equipment products are as follows: (1) recognition of domestic sales revenue: The Company ships the products to customers, delivers them, and obtains a signed receipt from the customer to confirm the revenue; (2) recognition of export sales revenue: For customers who conduct transactions through FOB, CIF and FAS modes, the revenue is recognised in the month of the bill of lading date after the goods are loaded onto the ship and the customs clearance procedures are completed, and the customs declaration form and bill of lading are obtained. For customers who conduct transactions through DAP, the revenue is recognised when the goods are delivered to the customer at the contracted location, with the customer's signed receipt of the goods at the designated location serving as the basis for revenue recognition.



## V. Material accounting policies and accounting estimates (Continued)

### 31. Revenue (Continued)

The general principle for the recognition of revenue from new energy power generation is as follows: when the Company produces and sells electricity, the sales revenue is recognised upon the supply of electricity to the grid company. Specifically, at the end of the month, the sales revenue of electricity products is recognised based on the on-grid electricity quantity jointly confirmed by the electricity purchasing and selling parties, the on-grid electricity price approved to be implemented by relevant national departments, and the bidding electricity price.

The situation where similar businesses adopt different business models involving different revenue recognition methods and measurement techniques

None

### 32. Contract costs

Contract costs comprise contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract which do not fall under the scope of the standards relating to inventories, fixed assets and intangible assets are recognised as an asset as contract performance costs when the following conditions are met:

- This cost is directly related to a current or expected contract.
- This cost increases the resources of the Company to fulfill its performance obligations in the future.
- The cost is expected to be recovered.

If the incremental cost incurred by the Company in obtaining the contract can be expected to be recovered, the contract acquisition cost shall be recognised as an asset.

Assets related to the cost of the contract are amortized on the same basis as the revenue recognition of the goods or services related to the asset; however, if the amortisation period of the contract acquisition cost is less than one year, the Company will include it into the current profit or loss when it incurs.

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognise it as asset impairment loss:

- (1) The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;
- (2) The cost expected to be incurred for the transfer of the relevant goods or services.

If the above-mentioned excess is higher than the book value of such assets as a result of any subsequent change of impairment factors in the previous period, the provision for impairment of assets previously made shall be reversed and included in profit or loss for the period as incurred to the extent the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

## V. Material accounting policies and accounting estimates (Continued)

### 33. Government grants

#### (1) Types

Government grants are monetary assets or non-monetary assets obtained by the Company from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Company for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

#### (2) Timing for recognition

Government grants are recognised when the Company can comply with the conditions attached to them and when they can be received.

#### (3) Accounting treatment

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognised as deferred income. The amount recognised as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Company's daily activities shall be included in other income; and the government grants unrelated to the Company's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognised as deferred income and recorded in current profit or loss when such costs and losses are recognised (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Company are recorded directly in current profit or loss (government grants related to the Company's daily activities shall be included in other income; government grants unrelated to the Company's daily activities shall be included in non-operating income) or offset relevant costs or losses.

The interest subsidies for policy-related preferential loans obtained by the Company are divided into two types and subject to accounting treatment separately:

- ① Where the interest subsidies are appropriated from the fiscal funds to the lending bank and then the bank provides loans to the Company at a policy-based preferential interest rate, the Company will recognize the amount of borrowings received as the initial value and calculate the borrowing costs according to the principal amount and the policy-based preferential interest rate.
- ② Where the interest subsidies are paid directly to the Company, the Company will use such interest subsidies to offset the corresponding borrowing costs.

## V. Material accounting policies and accounting estimates (Continued)

### 34. Deferred tax assets/Deferred tax liabilities

Income tax comprises current and deferred income tax. Current tax and deferred tax are recognised in current profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the temporary differences between the tax bases and the carrying amounts of assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. For deductible losses and tax credits that can be reversed in the future years, deferred tax assets shall be recognised to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses and tax credits.

Save for exceptions, deferred income tax liabilities shall be recognised for the taxable temporary difference.

The exceptions for not recognizing deferred income tax assets and liabilities include:

- the initial recognition of the goodwill;
- transactions or matters other than business combinations in which neither profit nor taxable income (or deductible loss) will be affected when transactions occur, and the initial recognition of assets and liabilities does not result in an equal amount of taxable temporary differences and deductible temporary differences.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rates during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be settled in accordance with the provisions of the tax law.

The carrying amount of a deferred tax asset is reviewed at the balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the future against which the benefits of the deferred tax asset will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

## V. Material accounting policies and accounting estimates (Continued)

### 34. Deferred tax assets/Deferred tax liabilities (Continued)

When the Company has a legally enforceable right to set-off and intends either to settle on a net basis or to acquire the income tax asset and settle the income tax liability simultaneously, current income tax assets and current income tax liabilities shall be presented as the net amount after offsetting.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;
- When the deferred income tax assets and deferred income tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax authority, or related to different entities liable to pay tax but the relevant entities intend to settle on a net basis or to acquire the income tax assets and settle the income tax liabilities simultaneously in the future period in which significant deferred income tax assets and liabilities would be reversed.

### 35. Lease

A lease is a contract that a lessor conveys the right to use an asset to a lessee for a period of time in exchange for consideration. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified asset(s) for a period of time in exchange for consideration.

For a contract that contains multiple separate leases, the Company separates and accounts for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components.

#### (1) Accounting treatment method for leasing as a lessee

##### ① *Right-of-use assets*

At the commencement date of lease term, the Company recognises right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the Company;
- the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease, except those incurred for the production of inventories.

## V. Material accounting policies and accounting estimates (Continued)

### 35. Lease (Continued)

#### (1) Accounting treatment method for leasing as a lessee (Continued)

##### ① *Right-of-use assets (Continued)*

The Company accrues depreciation for the right-of-use assets by subsequently adopting straight-line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the leased asset in the remaining useful life of the asset; otherwise, the Company depreciates the leased asset in the lease term or in the remaining useful life of the asset (whichever is shorter).

The Company determines whether the right-of-use assets have been impaired in accordance with the principles described in Note "V. 25. Impairment of long-term assets" and conducts accounting treatment for impairment loss identified.

##### ② *Lease liabilities*

At the commencement date of lease term, the Company recognises lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable under the guaranteed residual value provided by the Company;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option.

The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities in each period of the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets.

Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

## V. Material accounting policies and accounting estimates (Continued)

### 35. Lease (Continued)

#### (1) Accounting treatment method for leasing as a lessee (Continued)

##### ② *Lease liabilities (Continued)*

After the commencement date of lease term, if the following circumstances occur, the Company remeasures the lease liability and adjusts the carrying value of the right-of-use asset accordingly. If the carrying value of the right-of-use asset has been reduced to zero and the lease liability still needs to be further reduced, the Company accounts for the difference in the current profit or loss:

- when there are changes in assessment results of the purchase, extension or termination option, or the actual exercise condition of the aforementioned options is inconsistent with the original assessment results, the Company remeasures the lease liabilities in accordance with the lease payments after changes and present value calculated based on the revised discount rate;
- when in-substance fixed payments, the amount expected to be payable under the guaranteed residual value or the index or rate arising from the confirmation of lease payments changed, the Company remeasures the lease liabilities in accordance with the present value calculated based on the lease payments after changes and the initial discount rate. However, if the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

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

The right-of-use asset and lease liability are not recognised by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. If the Company subleases or expects to sublease a leased asset, the original lease is not a low-value asset lease.

##### ④ *Lease change*

The Company will account for the lease change as a separate lease if the lease changes and meets the following conditions:

- the lease change expands the scope of lease by increasing the rights to use one or more leased assets;
- the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.



## V. Material accounting policies and accounting estimates (Continued)

### 35. Lease (Continued)

#### (1) Accounting treatment method for leasing as a lessee (Continued)

##### ④ Lease change (Continued)

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

If the lease change results in a narrower lease or a shorter lease term, the Company reduces the carrying amount of the right-of-use asset accordingly, and recognises the related gains or losses from partially or completely terminated leases into the current profit and loss. For other lease change that causes the lease liabilities to be remeasured, the Company adjusts the carrying amount of the right-of-use assets accordingly.

#### (2) Accounting treatment method for leasing as a lessor

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a financing lease. As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases.

##### ① Accounting treatment of operating leases

The lease payments derived from operating leases are recognised as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalised and then allocated and included in the current profit and loss by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognised in profit or loss in the period in which they are occurred. In case of modification of an operating lease, the Company shall treat it as a new lease from the effective date of modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

## V. Material accounting policies and accounting estimates (Continued)

### 35. Lease (Continued)

#### (2) Accounting treatment method for leasing as a lessor (Continued)

##### ② *Accounting treatment of financing leases*

At the commencement date of lease term, the Company recognises financing lease receivable and derecognises the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of the unguaranteed residual value and the present value of the lease payments receivable which were not received at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognises interest income in each period during the lease term, based on a fixed periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with the Note "V. 11. Financial instruments".

Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

When a financing lease is changed and the following conditions are simultaneously met, the Company accounts for the lease change as a separate lease:

- The change expands the scope of lease by adding the right to use one or more leased assets;
- The consideration and the separate price of the expanded scope of lease are equivalent to the amount adjusted according to the contract.

Where a change in a financing lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

- In case where the lease would have been classified as an operating lease assuming the modification became effective at the commencement date of the lease, the Company accounts for it as a new lease from the effective date of the modification and the net investment in the lease prior to the effective date of the modification is taken as the carrying amount of the leased assets;
- In case where the lease would have been classified as a financing lease assuming the modification became effective at the commencement date of the lease, the Company conducts accounting treatment in accordance with the policy regarding the modification or renegotiation of contracts described in "V.11. Financial instruments" in the notes.

## V. Material accounting policies and accounting estimates (Continued)

### 35. Lease (Continued)

#### (3) Sale and leaseback transaction

The Company assesses and determines whether the asset transfer in the sale and leaseback transaction is sale according to the principles set out in “V. 31. Revenue” in the notes.

##### ① *As a lessee*

If the asset transfer in the after-sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the after-sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognise relevant gains or losses only for the right to transfer to the lessor.

After the commencement date of the lease term, the subsequent measurement of right-of-use assets and lease liabilities, as well as lease modifications, is detailed in “V. 35. Lease (1)” in the notes. When performing subsequent measurements on lease liabilities arising from sale and leaseback transactions, the Company determines the lease payments or revised lease payments in a manner that does not result in the recognition of gains or losses related to the right-of-use obtained through the leaseback.

If the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognise the transferred assets and recognises a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see “V. 11. Financial instruments” in the notes.

##### ② *As a lessor*

If the transfer of assets in the after-sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned “(2) Accounting treatment method for leasing as a lessor”; if the transfer of assets in the after-sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognise the transferred assets, but recognises a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see “V. 11. Financial instruments” in the notes.

## V. Material accounting policies and accounting estimates (Continued)

### 36. Other material accounting policies and accounting estimates

#### 1. Hedging accounting

##### (1) Classification of hedging

- ① Fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (except foreign exchange risk).
- ② Cash flow hedge is a hedge of the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.
- ③ Hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. Net investment in a foreign operation is the share of interest in the net asset of the foreign operation.

##### (2) Designation of the hedge relationship and recognition of the effectiveness of hedging

At the inception of a hedge relationship, the Company formally designates the hedge relationship and documents the hedge relationship, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the nature and quantity of the hedging instrument, the nature and quantity of the hedged item, the nature of the risk being hedged, the type of hedging and how the Company will assess the hedging instrument's effectiveness. Hedging instrument's effectiveness means the degree of the change of fair value and cash flow of the hedging instrument in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge is assessed by the Company for effectiveness on an ongoing basis and judged whether it meets the requirements for the effectiveness of using hedge accounting throughout the accounting periods for which the hedging relationship was designated. Provided the discontent of the requirements, the application of a hedge shall be terminated.

The application of hedge accounting shall meet the following requirements on the effectiveness of the hedge:

- ① There is an economic relationship between the hedged item and the hedging instrument.
- ② The effect of credit risk does not dominate the value changes that result from that economic relationship.
- ③ The appropriate hedge ratio will not cause the imbalance of relative weight between the hedged item and the hedging instrument, thus generating accounting results inconsistent with the hedge accounting objectives. If the hedge ratio is no longer inappropriate, but the hedge risk management objectives do not change, the amount of the hedged item or the hedging instrument shall be adjusted, so that the hedge ratio can re-meet the requirements on the effectiveness.

## V. Material accounting policies and accounting estimates (Continued)

### 36. Other material accounting policies and accounting estimates (Continued)

#### 1. Hedging accounting (Continued)

##### (3) Criteria for hedge accounting

##### ① Fair value hedges

The change in the fair value of a hedging derivative is recognised in the current profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the current profit or loss.

For fair value hedges relating to financial instruments carried at amortized cost, the adjustment to carrying amount is amortized through the current profit or loss over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortized to the current profit or loss. Amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortized fair value is recognised immediately in the current profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the current profit or loss. The changes in the fair value of the hedging instrument are also recognised in the current profit or loss.

##### ② Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income, while the ineffective portion is recognised immediately in the current profit or loss.

Amounts taken to other comprehensive income are transferred to the current profit or loss when the hedged transaction affects the current profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability (or originally recognised in other comprehensive income, and transferred in the same period as the profit and loss is affected by the non-financial assets and non-financial debts, the amounts shall be included in the current profit or loss).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to the current profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in other comprehensive income remain in there until the forecast transaction or firm commitment affects the current profit or loss.

## V. Material accounting policies and accounting estimates (Continued)

### 36. Other material accounting policies and accounting estimates (Continued)

#### 1. Hedging accounting (Continued)

##### (3) Criteria for hedge accounting (Continued)

##### ③ Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the current profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the current profit or loss.

#### 2. Debt restructuring

##### (1) The Company as a creditor

The Company ceases to recognise claim when the contractual right to receive the cash flows from the claim is terminated. In the case of debt restructuring through the settlement of debt with assets or the conversion of debt into equity instruments, the Company recognises the relevant assets when they meet their definitions and recognition criteria.

In the case of debt restructuring through the settlement of debt with assets, the Company initially recognises the acquired non-financial assets, which are measured at cost. The cost of inventory includes the fair value of the waived claim and other costs directly attributable to bringing the asset to its present location and condition, such as taxes, transportation fees, loading and unloading fees, insurance fees, and so on. The cost of an investment in an associate or a joint venture includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes. The cost of investment property includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes. The cost of fixed assets includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes, transportation fees, loading and unloading fees, installation fees, professional service fees, etc., incurred before the asset reaches its intended usable state. The cost of biological assets includes the fair value of the waived claim and other costs directly attributable to the asset, such as taxes, transportation fees, and insurance fees. The cost of intangible assets includes the fair value of the waived claim and other costs directly attributable to preparing the asset for its intended use, such as taxes. In the case of debt restructuring through the conversion of debt into equity instruments, which results in the creditor converting the claim into an equity investment in an associate or a joint venture, the Company measures the initial investment cost at the fair value of the waived claim and other costs (including taxes) directly attributable to the asset. The difference between the fair value of the waived claim and its carrying amount is recognised in profit or loss for the period.



## V. Material accounting policies and accounting estimates (Continued)

### 36. Other material accounting policies and accounting estimates (Continued)

#### 2. Debt restructuring (Continued)

##### (1) *The Company as a creditor (Continued)*

In the case of debt restructuring through the modification of other terms, the Company recognises and measures the restructured claim in accordance with the section "V. 11. Financial instruments" in the notes.

Where debt restructuring is carried out through the settlement of debt with multiple assets or a combination of methods, the Company first recognises and measures the acquired financial assets and the restructured claim in accordance with the section "V. 11. Financial instruments" in the notes, and then allocates the net amount of the fair value of the waived claim after deducting the recognised amount of the acquired financial assets and the restructured claim, based on the proportion of the fair values of the assets other than the acquired financial assets, and determines the cost of each asset using the aforementioned methods. The difference between the fair value of the waived claim and its carrying amount is recognised in profit or loss for the period.

##### (2) *The Company as a debtor*

The Company derecognizes a liability when the present obligation for the debt is discharged.

In the case of debt restructuring through the settlement of debt with assets, the Company derecognizes the relevant assets and the settled debt when the derecognition criteria are met. The difference between the carrying amount of the settled debt and the carrying amount of the transferred assets is recognised in profit or loss for the period.

In the case of debt restructuring through the conversion of debt into equity instruments, the Company derecognizes the settled debt when the derecognition criteria are met. Upon initial recognition of the equity instruments, the Company measures them at fair value. If the fair value of the equity instruments cannot be reliably measured, the Company measures based on the fair value of the settled debt. The difference between the carrying amount of the settled debt and the recognised amount of the equity instruments is recognised in profit or loss for the period.

In the case of debt restructuring through the modification of other terms, the Company recognizes and measures the restructured liability in accordance with the section "V. 11. Financial instruments" in the notes. In the case of debt restructuring through the settlement of debt with multiple assets or a combination of methods, the Company recognizes and measures the equity instruments and restructured liability using the aforementioned methods. The difference between the carrying amount of the settled debt and the sum of the carrying amount of the transferred assets and the recognised amounts of the equity instruments and restructured liability is recognised in profit or loss for the period.

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## V. Material accounting policies and accounting estimates (Continued)

### 37. Changes in material accounting policies and accounting estimates

#### (1) Changes in material accounting policies

☒ Applicable ☐ Not applicable

Unit: RMB

| The content and reasons for changes in accounting policies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Name of statement items significantly affected | Affected amount |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------|
| In December 2025, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 19" (Cai Kuai (2025) No. 32), which stipulates that the "accounting treatment of compensatory assets in business combinations not under common control", the "accounting treatment of related capital reserve when disposing of subsidiaries originally acquired through business combinations under common control", the "derecognition of financial liabilities settled through electronic payment systems", the "assessment and related disclosures of contract cash flow characteristics of financial asset", and the "disclosures of equity instruments designated to be measured at fair value through other comprehensive income", etc., shall be implemented as of January 1, 2026. | None                                           | 0.00            |
| In June 2026, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 20" (Cai Kuai [2026] No. 7), which stipulates relevant contents such as "assessment of contract cash flow characteristics of financial asset" and "accounting treatment and related disclosures in the absence of currency convertibility". These provisions have been implemented since January 1, 2026.                                                                                                                                                                                                                                                                                                                                                                                       | None                                           | 0.00            |

#### (2) Changes in material accounting estimates

☐ Applicable ☒ Not Applicable

#### (3) Adjustments to relevant items in the financial statements at the beginning of the year of the first implementation of the new accounting standards from 2026

☐ Applicable ☒ Not Applicable

## VI. Taxes

### 1. Main tax categories and tax rates

| Tax category                           | Taxable base                                                                                                                                                                       | Tax rate                    |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Value-added tax                        | The VAT payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period | 6%, 13%                     |
| Urban maintenance and construction tax | Based on the actual value-added tax and consumption tax paid                                                                                                                       | 7%                          |
| Corporate income tax                   | Pay according to the taxable income                                                                                                                                                | As shown in the table below |

Explanations for the disclosure of the entities paying taxes being entitled to different enterprise income tax rates

| Name of tax payer                                                                                                                                                                                                                    | Income tax rate        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Penglai Dajin Offshore Heavy Industry Co., Ltd.                                                                                                                                                                                      | 15%                    |
| Xing'an League Dajin Heavy Industry Co., Ltd.                                                                                                                                                                                        | 15%                    |
| Zhangjiakou Dajin Wind Power Equipment Co., Ltd.                                                                                                                                                                                     | 15%                    |
| Dajin Global Shipping Limited, Dajin Heavy Industry Hong Kong Limited, Dajin Offshore Wind Holdings (HK) Limited, Dajin International Holdings (HK) Limited, Dajin Shipping Holdings (HK) Limited, Dajin Marine Trading (HK) Limited | 8.25%, 16.5%           |
| Dajin Heavy Industry Europe GmbH                                                                                                                                                                                                     | 32.28%                 |
| Dajin Heavy Industry Poland SP. Z O O.                                                                                                                                                                                               | 19%                    |
| Dajin Wind Power Co., Ltd                                                                                                                                                                                                            | 11%, 22%, 24.2%, 27.5% |
| Daikin International Holdings Netherlands B.V.                                                                                                                                                                                       | 19%, 25.8%             |
| Other taxpayers except those mentioned above                                                                                                                                                                                         | 25%                    |

### 2. Tax incentives

- Upon approval from the Shandong Provincial Department of Science and Technology, the Shandong Provincial Department of Finance, the Shandong Provincial Tax Service, STA, and the Shandong Provincial Local Taxation Bureau, our subsidiary Penglai Dajin Offshore Heavy Industry Co., Ltd. (hereinafter referred to as "Penglai Dajin") has been recognised as a high-tech enterprise, with the high-tech enterprise certificate number GR202537003248, valid from December 2025 to December 2028. In the first half year of 2026, Penglai Dajin is eligible for a 15% corporate income tax preferential rate.

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## VI. Taxes (Continued)

### 2. Tax incentives (Continued)

- (2) Upon approval from the Inner Mongolia Autonomous Region Department of Science and Technology, the Inner Mongolia Autonomous Region Department of Finance, and the Inner Mongolia Autonomous Region Tax Bureau, STA, our subsidiary Xing'an League Dajin Heavy Industry Co., Ltd. (hereinafter referred to as "Xing'an League Dajin") has been recognised as a high-tech enterprise, with the high-tech enterprise certificate number GR202415000168, valid from December 2024 to December 2027. In the first half year of 2026, Xing'an League Dajin is eligible for a 15% corporate income tax preferential rate.
- (3) Upon approval from the Hebei Provincial Department of Science and Technology, the Hebei Provincial Department of Finance, and the Hebei Provincial Tax Bureau, STA, our subsidiary Zhangjiakou Dajin Wind Power Equipment Co., Ltd. (hereinafter referred to as "Zhangjiakou Dajin") has been recognised as a high-tech enterprise, with the high-tech enterprise certificate number GR202513001486, valid from October 2025 to October 2028. In the first half year of 2026, Zhangjiakou Dajin is eligible for a 15% corporate income tax preferential rate.
- (4) According to the "Notice of the Ministry of Finance and the State Taxation Administration on Issues Concerning the Implementation of the Catalogue of Corporate Income Tax Incentives for Public Infrastructure Projects" (Cai Shui [2008] No. 46), the wind power generation project of our sub-subsidiary Changwu Xiliujiazi Electric Power New Energy Co., Ltd. (hereinafter referred to as "Changwu Xiliujiazi") is eligible for a "three-year exemption and three-year 50% reduction" of corporate income tax starting from the tax year in which the project obtains its first production and operation income. In the first half year of 2026, Zhangwu Xiliujiazi will enjoy income tax relief.
- (5) According to the "Notice of the Ministry of Finance and the State Taxation Administration on Issues Concerning the Implementation of the Catalogue of Corporate Income Tax Incentives for Public Infrastructure Projects" (Cai Shui [2008] No. 46), the wind power generation project of our sub-subsidiary Tangshan Caofeidian District Jinrui Energy Co., Ltd. (hereinafter referred to as "Tangshan Jinrui") is eligible for a "three-year exemption and three-year 50% reduction" of corporate income tax starting from the tax year in which the project obtains its first production and operation income. In the first half year of 2026, Tangshan Jinrui will enjoy income tax relief.
- (6) According to the "Notice of the Ministry of Finance and the State Taxation Administration on Issues Concerning the Implementation of the Catalogue of Corporate Income Tax Incentives for Public Infrastructure Projects" (Cai Shui [2008] No. 46), the photovoltaic power generation project of our sub-subsidiary Tangshan Caofeidian District Jinhong Energy Co., Ltd. (hereinafter referred to as "Tangshan Jinhong") is eligible for a "three-year exemption and three-year 50% reduction" of corporate income tax starting from the tax year in which the project obtains its first production and operation income. In the first half year of 2026, Tangshan Jinhong will enjoy income tax relief.

## VII. Notes to items in the consolidated financial statements

### 1. Cash at bank and on hand

Unit: RMB

| Item                                                | Closing balance         | Opening balance  |
|-----------------------------------------------------|-------------------------|------------------|
| Cash on hand                                        | <b>73,461.96</b>        | 131,074.83       |
| Cash at bank                                        | <b>8,084,857,021.76</b> | 2,855,642,754.52 |
| Other cash at bank and on hand                      | <b>97,572,494.41</b>    | 99,515,915.06    |
| Total                                               | <b>8,182,502,978.13</b> | 2,955,289,744.41 |
| Including: Total amount of funds deposited overseas | <b>107,594,406.92</b>   | 29,190,108.94    |

#### Other explanations

- (1) At the end of the period, the Company did not have any funds deposited overseas that were subject to restrictions on repatriation;
- (2) For details of cash at bank and on hand in foreign currency, please refer to "VII. 56. Cash at bank and on hand in foreign currency" in the notes;
- (3) For details of the Company's fund accounts frozen due to litigation at the end of the period, please refer to "XVI. Commitments and Contingencies" in the notes.

The details of restricted cash at bank and on hand are as follows:

Unit: RMB

| Item                             | Closing balance      | Opening balance |
|----------------------------------|----------------------|-----------------|
| Deposit for bank acceptance bill | —                    | 7,430,368.20    |
| Funds frozen                     | <b>52,577,297.73</b> | 61,728,447.62   |
| Other deposits                   | <b>44,995,196.68</b> | 30,357,099.24   |
| Total                            | <b>97,572,494.41</b> | 99,515,915.06   |

Note: Of the funds currently frozen, RMB50 million is frozen due to business supervision. The Company's sub-subsidiary Tangshan Fengnan Yingjing New Energy Co., Ltd. obtained a special bank loan of RMB50 million in 2026, which is restricted usage under bank supervision.

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## VII. Notes to items in the consolidated financial statements (Continued)

### 2. Financial assets held for trading

Unit: RMB

| Item                                                  | Closing balance       | Opening balance |
|-------------------------------------------------------|-----------------------|-----------------|
| Financial assets at fair value through profit or loss | <b>709,654,801.79</b> | 550,278,253.19  |
| Including:                                            |                       |                 |
| Wealth management products                            | <b>697,724,921.79</b> | 550,278,253.19  |
| Forward foreign exchange contract                     | <b>11,929,880.00</b>  |                 |
| Total                                                 | <b>709,654,801.79</b> | 550,278,253.19  |

### 3. Bills receivables

#### (1) Classification and presentation of bills receivables

Unit: RMB

| Item                       | Closing balance      | Opening balance |
|----------------------------|----------------------|-----------------|
| Commercial acceptance bill | <b>46,875,602.02</b> | 43,769,512.04   |
| Total                      | <b>46,875,602.02</b> | 43,769,512.04   |



## VII. Notes to items in the consolidated financial statements (Continued)

### 3. Bills receivables (Continued)

#### (2) Disclosure by classification based on bad debt provision method

Unit: RMB

| Category                                                           | Closing balance |            |                        |                 |                 | Opening balance |            |                        |                 |                 |
|--------------------------------------------------------------------|-----------------|------------|------------------------|-----------------|-----------------|-----------------|------------|------------------------|-----------------|-----------------|
|                                                                    | Book balance    |            | Provision for bad debt |                 |                 | Book balance    |            | Provision for bad debt |                 |                 |
|                                                                    | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount |
| Bills receivables with provision for bad debt on a portfolio basis | 49,213,227.23   | 100.00%    | 2,337,625.21           | 4.75%           | 46,875,602.02   | 46,317,616.70   | 100.00%    | 2,548,104.66           | 5.50%           | 43,769,512.04   |
| Including:                                                         |                 |            |                        |                 |                 |                 |            |                        |                 |                 |
| Aging portfolio                                                    | 49,213,227.23   | 100.00%    | 2,337,625.21           | 4.75%           | 46,875,602.02   | 46,317,616.70   | 100.00%    | 2,548,104.66           | 5.50%           | 43,769,512.04   |
| Total                                                              | 49,213,227.23   | 100.00%    | 2,337,625.21           |                 | 46,875,602.02   | 46,317,616.70   | 100.00%    | 2,548,104.66           |                 | 43,769,512.04   |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name            | Closing balance |                        |                 |
|-----------------|-----------------|------------------------|-----------------|
|                 | Book balance    | Provision for bad debt | Provision ratio |
| Aging portfolio | 49,213,227.23   | 2,337,625.21           | 4.75%           |
| Total           | 49,213,227.23   | 2,337,625.21           |                 |

Provision for bad debt of bills receivables based on the general model of expected credit losses:

☐ Applicable ☒ Not Applicable

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 3. Bills receivables (Continued)

#### (3) Provision for bad debt accrued, recovered or reversed in the period

Provision for bad debt in the period:

Unit: RMB

| Category        | Opening<br>balance | Change amount in the period |                          |           |       | Closing<br>balance |
|-----------------|--------------------|-----------------------------|--------------------------|-----------|-------|--------------------|
|                 |                    | Accrued                     | Recovered<br>or reversed | Write-off | Other |                    |
| Aging portfolio | 2,548,104.66       | -210,479.45                 |                          |           |       | 2,337,625.21       |
| Total           | 2,548,104.66       | -210,479.45                 |                          |           |       | 2,337,625.21       |

Among them, the amount of provision for bad debt recovered or reversed in the period is significant:

☐ Applicable ☒ Not Applicable

## VII. Notes to items in the consolidated financial statements (Continued)

### 4. Accounts receivable

#### (1) Disclosure by aging

Unit: RMB

| Aging                                  | Closing<br>book balance | Opening<br>book balance |
|----------------------------------------|-------------------------|-------------------------|
| Within 1 year (inclusive)              | <b>954,975,582.97</b>   | 886,912,034.89          |
| Including: Within 6 months (inclusive) | <b>791,198,706.37</b>   | 813,483,986.28          |
| 6 months to 1 year (inclusive)         | <b>163,776,876.60</b>   | 73,428,048.61           |
| 1 to 2 years                           | <b>68,115,976.00</b>    | 67,048,640.21           |
| 2 to 3 years                           | <b>46,398,567.57</b>    | 92,423,080.71           |
| More than 3 years                      | <b>149,621,077.18</b>   | 146,428,047.87          |
| 3 to 4 years                           | <b>89,870,251.82</b>    | 134,369,305.47          |
| 4 to 5 years                           | <b>54,972,349.19</b>    | 7,280,266.23            |
| More than 5 years                      | <b>4,778,476.17</b>     | 4,778,476.17            |
| Total                                  | <b>1,219,111,203.72</b> | 1,192,811,803.68        |

The ageing of accounts receivables is presented based on the date of revenue recognition.

## VII. Notes to items in the consolidated financial statements (Continued)

## 4. Accounts receivable (Continued)

## (2) Disclosure by classification based on bad debt provision method

Unit: RMB

| Category                                                               | Closing balance  |            |                        |                 | Opening balance  |                 |                        |                  |
|------------------------------------------------------------------------|------------------|------------|------------------------|-----------------|------------------|-----------------|------------------------|------------------|
|                                                                        | Book balance     |            | Provision for bad debt |                 | Book balance     |                 | Provision for bad debt |                  |
|                                                                        | Amount           |            | Proportion             |                 | Amount           |                 | Proportion             |                  |
|                                                                        | Amount           | Proportion | Amount                 | Provision ratio | Amount           | Provision ratio | Amount                 | Provision ratio  |
| Accounts receivable with provision for bad debt on an individual basis | 75,800.00        | 0.01%      | 75,800.00              | 100.00%         | 75,800.00        | 0.01%           | 75,800.00              | 100.00%          |
| Accounts receivable with provision for bad debt on a portfolio basis   | 1,219,035,403.72 | 99.99%     | 141,831,303.00         | 11.63%          | 1,192,736,003.68 | 99.99%          | 135,419,147.76         | 11.35%           |
| Including:                                                             |                  |            |                        |                 |                  |                 |                        |                  |
| Aging portfolio                                                        | 1,199,661,092.15 | 98.40%     | 141,831,303.00         | 11.82%          | 1,163,428,620.07 | 97.53%          | 135,419,147.76         | 11.64%           |
| Low-risk credit portfolio                                              | 19,374,311.57    | 1.59%      |                        |                 | 29,307,383.61    | 2.46%           | 29,307,383.61          |                  |
| Total                                                                  | 1,219,111,203.72 | 100.00%    | 141,907,103.00         |                 | 1,192,811,803.68 | 100.00%         | 135,494,947.76         |                  |
|                                                                        |                  |            |                        |                 |                  |                 |                        | 1,057,316,855.92 |

## VII. Notes to items in the consolidated financial statements (Continued)

### 4. Accounts receivable (Continued)

#### (2) Disclosure by classification based on bad debt provision method (Continued)

Category name for provision for bad debt on an individual basis: Provision for bad debts made on items that are individually not significant.

Unit: RMB

| Name       | Opening balance |                        | Closing balance |                        |                 | Reason for provision     |
|------------|-----------------|------------------------|-----------------|------------------------|-----------------|--------------------------|
|            | Book balance    | Provision for bad debt | Book balance    | Provision for bad debt | Provision ratio |                          |
| Customer I | 75,800.00       | 75,800.00              | 75,800.00       | 75,800.00              | 100.00%         | Overdue payment of goods |
| Total      | 75,800.00       | 75,800.00              | 75,800.00       | 75,800.00              |                 |                          |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name                           | Closing balance  |                        |                 |
|--------------------------------|------------------|------------------------|-----------------|
|                                | Book balance     | Provision for bad debt | Provision ratio |
| Within 6 months (inclusive)    | 771,824,394.80   | 19,295,609.87          | 2.50%           |
| 6 months to 1 year (inclusive) | 163,776,876.60   | 8,188,843.83           | 5.00%           |
| 1 to 2 years                   | 68,115,976.00    | 6,811,597.60           | 10.00%          |
| 2 to 3 years                   | 46,398,567.57    | 13,919,570.27          | 30.00%          |
| 3 to 4 years                   | 89,870,251.82    | 44,935,125.91          | 50.00%          |
| 4 to 5 years                   | 54,972,349.19    | 43,977,879.35          | 80.00%          |
| More than 5 years              | 4,702,676.17     | 4,702,676.17           | 100.00%         |
| Total                          | 1,199,661,092.15 | 141,831,303.00         |                 |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 4. Accounts receivable (Continued)

#### (2) Disclosure by classification based on bad debt provision method (Continued)

Category name of provision for bad debt on a portfolio basis: low-risk credit portfolio

Unit: RMB

| Name                      | Closing balance |                        |                 |
|---------------------------|-----------------|------------------------|-----------------|
|                           | Book balance    | Provision for bad debt | Provision ratio |
| Low-risk credit portfolio | 19,374,311.57   |                        |                 |
| Total                     | 19,374,311.57   |                        |                 |

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

☐ Applicable ☒ Not Applicable

#### (3) Provision for bad debt accrued, recovered or reversed in the period

Provision for bad debt in the period:

Unit: RMB

| Category             | Opening balance | Change amount in the period |                       |           |       | Closing balance |
|----------------------|-----------------|-----------------------------|-----------------------|-----------|-------|-----------------|
|                      |                 | Accrued                     | Recovered or reversed | Write-off | Other |                 |
| Individual provision | 75,800.00       |                             |                       |           |       | 75,800.00       |
| Aging portfolio      | 135,419,147.76  | 6,412,155.24                |                       |           |       | 141,831,303.00  |
| Total                | 135,494,947.76  | 6,412,155.24                |                       |           |       | 141,907,103.00  |



## VII. Notes to items in the consolidated financial statements (Continued)

### 4. Accounts receivable (Continued)

#### (4) The top five accounts receivable and contract assets, sorted by debtors, based on the closing balance

Unit: RMB

| Unit         | Closing balance<br>of accounts<br>receivable | Closing balance<br>of contract assets | Closing balance<br>of accounts<br>receivable and<br>contract assets | Proportion<br>of the total<br>closing balance<br>of accounts<br>receivable and<br>contract assets | Closing balance<br>of accounts<br>receivable<br>provision for bad<br>debt and contract<br>assets impairment<br>provision |
|--------------|----------------------------------------------|---------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Customer II  | 194,006,301.05                               |                                       | 194,006,301.05                                                      | 13.38%                                                                                            | 4,850,157.52                                                                                                             |
| Customer III | 157,315,955.63                               |                                       | 157,315,955.63                                                      | 10.85%                                                                                            | 3,932,898.87                                                                                                             |
| Customer IV  | 86,402,134.89                                | 31,177,051.06                         | 117,579,185.95                                                      | 8.11%                                                                                             | 8,583,559.81                                                                                                             |
| Customer V   | 66,720,631.03                                | 13,327,250.35                         | 80,047,881.38                                                       | 5.52%                                                                                             | 3,293,013.41                                                                                                             |
| Customer VI  | 57,930,750.08                                | 10,459,856.39                         | 68,390,606.47                                                       | 4.72%                                                                                             | 1,955,946.14                                                                                                             |
| Total        | 562,375,772.68                               | 54,964,157.80                         | 617,339,930.48                                                      | 42.58%                                                                                            | 22,615,575.75                                                                                                            |

### 5. Contract assets

#### (1) Contract assets

Unit: RMB

| Item                  | Closing balance |                           |                 | Opening balance |                           |                 |
|-----------------------|-----------------|---------------------------|-----------------|-----------------|---------------------------|-----------------|
|                       | Book balance    | Provision for<br>bad debt | Carrying amount | Book balance    | Provision for<br>bad debt | Carrying amount |
| Retention receivables | 230,369,092.84  | 29,615,216.19             | 200,753,876.65  | 237,369,150.58  | 28,071,710.88             | 209,297,439.70  |
| Total                 | 230,369,092.84  | 29,615,216.19             | 200,753,876.65  | 237,369,150.58  | 28,071,710.88             | 209,297,439.70  |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 5. Contract assets (Continued)

#### (2) Disclosure by classification based on bad debt provision method

Unit: RMB

| Category                                    | Closing balance |            |                        |                 |                 | Opening balance |            |                        |                 |                 |
|---------------------------------------------|-----------------|------------|------------------------|-----------------|-----------------|-----------------|------------|------------------------|-----------------|-----------------|
|                                             | Book balance    |            | Provision for bad debt |                 |                 | Book balance    |            | Provision for bad debt |                 |                 |
|                                             | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount |
| Provision for bad debt on a portfolio basis | 230,369,092.84  | 100.00%    | 29,615,216.19          | 12.86%          | 200,753,876.65  | 237,369,150.58  | 100.00%    | 28,071,710.88          | 11.83%          | 209,297,439.70  |
| Including:                                  |                 |            |                        |                 |                 |                 |            |                        |                 |                 |
| Aging portfolio                             | 230,369,092.84  | 100.00%    | 29,615,216.19          | 12.86%          | 200,753,876.65  | 237,369,150.58  | 100.00%    | 28,071,710.88          | 11.83%          | 209,297,439.70  |
| Total                                       | 230,369,092.84  | 100.00%    | 29,615,216.19          |                 | 200,753,876.65  | 237,369,150.58  | 100.00%    | 28,071,710.88          |                 | 209,297,439.70  |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name                           | Closing balance |                        |                 |
|--------------------------------|-----------------|------------------------|-----------------|
|                                | Book balance    | Provision for bad debt | Provision ratio |
| Within 6 months (inclusive)    | 15,887,705.57   | 397,192.64             | 2.50%           |
| 6 months to 1 year (inclusive) | 59,433,369.92   | 2,971,668.50           | 5.00%           |
| 1 to 2 years                   | 104,111,750.77  | 10,411,175.08          | 10.00%          |
| 2 to 3 years                   | 48,164,766.60   | 14,449,429.98          | 30.00%          |
| 3 to 4 years                   | 2,771,499.98    | 1,385,749.99           | 50.00%          |
| Total                          | 230,369,092.84  | 29,615,216.19          |                 |

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

☐ Applicable ☒ Not Applicable

## VII. Notes to items in the consolidated financial statements (Continued)

## 5. Contract assets (Continued)

## (3) Provision for bad debt accrued, recovered or reversed in the period

Unit: RMB

| Item            | Accrued in<br>the period | Recovered<br>or reversed<br>in the period | Write-back/write-<br>off in the period |
|-----------------|--------------------------|-------------------------------------------|----------------------------------------|
| Aging portfolio | 1,543,505.31             |                                           |                                        |
| Total           | 1,543,505.31             |                                           |                                        |

## 6. Receivables financing

## (1) Classification and presentation of financing receivables

Unit: RMB

| Item              | Closing balance       | Opening balance |
|-------------------|-----------------------|-----------------|
| Bills receivables | <b>225,074,066.77</b> | 361,881,720.30  |
| Total             | <b>225,074,066.77</b> | 361,881,720.30  |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 6. Receivables financing (Continued)

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

Unit: RMB

| Item                 | Pledged amount<br>at the end of<br>the period |
|----------------------|-----------------------------------------------|
| Bank acceptance bill | 177,060,998.97                                |
| Total                | 177,060,998.97                                |

#### (3) Receivables financing that have been endorsed or discounted by the Company at the end of the period and are not yet due on the balance sheet date

Unit: RMB

| Item                 | Amount<br>derecognised at the<br>end of the period | Amount not<br>derecognised at the<br>end of the period |
|----------------------|----------------------------------------------------|--------------------------------------------------------|
| Bank acceptance bill | 464,130,914.65                                     | —                                                      |
| Total                | 464,130,914.65                                     | —                                                      |

## VII. Notes to items in the consolidated financial statements (Continued)

## 6. Receivables financing (Continued)

## (4) Changes in financing receivables during the period and changes in fair value

| Item                 | Year-end balance<br>in previous year | Change in<br>the period | Derecognition<br>in the period | Other changes | Closing balance | Accumulated<br>loss provisions<br>recognised in other<br>comprehensive<br>income |
|----------------------|--------------------------------------|-------------------------|--------------------------------|---------------|-----------------|----------------------------------------------------------------------------------|
| Bank acceptance bill | 361,881,720.30                       | 344,254,623.11          | 481,062,276.64                 |               | 225,074,066.77  |                                                                                  |
| Total                | 361,881,720.30                       | 344,254,623.11          | 481,062,276.64                 |               | 225,074,066.77  |                                                                                  |

## 7. Other receivables

Unit: RMB

| Item              | Closing balance      | Opening balance |
|-------------------|----------------------|-----------------|
| Other receivables | <b>58,341,337.68</b> | 53,985,526.54   |
| Total             | <b>58,341,337.68</b> | 53,985,526.54   |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 7. Other receivables (Continued)

#### (1) Other receivables

##### 1) Classification by nature of the amount of other receivables

Unit: RMB

| Nature of payment            | Closing<br>book balance | Opening<br>book balance |
|------------------------------|-------------------------|-------------------------|
| Land acquisition for reserve | 38,430,071.00           | 40,930,071.00           |
| Equity transfer payment      | 4,500,000.00            | 4,500,000.00            |
| Deposit                      | 4,766,521.49            | 3,982,792.34            |
| Petty cash                   | 7,800,054.39            | 3,549,161.03            |
| Other                        | 3,682,083.29            | 1,719,860.38            |
| Total                        | 59,178,730.17           | 54,681,884.75           |

##### 2) Disclosure by aging

Unit: RMB

| Aging                                  | Closing<br>book balance | Opening<br>book balance |
|----------------------------------------|-------------------------|-------------------------|
| Within 1 year (inclusive)              | 16,617,425.51           | 39,187,817.12           |
| Including: Within 6 months (inclusive) | 10,147,031.09           | 6,620,300.98            |
| 6 months to 1 year (inclusive)         | 6,470,394.42            | 32,567,516.14           |
| 1 to 2 years                           | 39,624,748.11           | 13,039,154.11           |
| 2 to 3 years                           | 1,995,699.83            | 1,505,920.80            |
| More than 3 years                      | 940,856.72              | 948,992.72              |
| 4 to 5 years                           |                         | 512,536.00              |
| More than 5 years                      | 940,856.72              | 436,456.72              |
| Total                                  | 59,178,730.17           | 54,681,884.75           |



## VII. Notes to items in the consolidated financial statements (Continued)

### 7. Other receivables (Continued)

#### (1) Other receivables (Continued)

##### 3) Disclosure by classification based on bad debt provision method

☒ Applicable ☐ Not applicable

Unit: RMB

| Category                                    | Closing balance |            |                        |                 |                 | Opening balance |            |                        |                 |                 |
|---------------------------------------------|-----------------|------------|------------------------|-----------------|-----------------|-----------------|------------|------------------------|-----------------|-----------------|
|                                             | Book balance    |            | Provision for bad debt |                 |                 | Book balance    |            | Provision for bad debt |                 |                 |
|                                             | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount |
| Provision for bad debt on a portfolio basis | 59,178,730.17   | 100.00%    | 837,392.49             | 1.42%           | 58,341,337.68   | 54,681,884.75   | 100.00%    | 696,358.21             | 1.27%           | 53,985,526.54   |
| Including:                                  |                 |            |                        |                 |                 |                 |            |                        |                 |                 |
| Aging portfolio                             | 9,950,676.07    | 16.81%     | 837,392.49             | 8.42%           | 9,113,283.58    | 8,042,286.53    | 14.71%     | 696,358.21             | 8.66%           | 7,345,928.32    |
| Low-risk credit portfolio                   | 49,228,054.10   | 83.19%     |                        |                 | 49,228,054.10   | 46,639,598.22   | 85.29%     |                        |                 | 46,639,598.22   |
| Total                                       | 59,178,730.17   | 100.00%    | 837,392.49             |                 | 58,341,337.68   | 54,681,884.75   | 100.00%    | 696,358.21             |                 | 53,985,526.54   |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name                           | Closing balance |                        |                 |
|--------------------------------|-----------------|------------------------|-----------------|
|                                | Book balance    | Provision for bad debt | Provision ratio |
| Within 6 months (inclusive)    | 3,898,207.75    | 97,455.19              | 2.50%           |
| 6 months to 1 year (inclusive) | 5,162,411.60    | 258,120.58             | 5.00%           |
| 1 to 2 years                   | 453,600.00      | 45,360.00              | 10.00%          |
| More than 5 years              | 436,456.72      | 436,456.72             | 100.00%         |
| Total                          | 9,950,676.07    | 837,392.49             |                 |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 7. Other receivables (Continued)

#### (1) Other receivables (Continued)

##### 3) Disclosure by classification based on bad debt provision method (Continued)

Category name for provision for bad debt on a portfolio basis: low-risk credit portfolio

Unit: RMB

| Name                      | Closing balance |                        |                 |
|---------------------------|-----------------|------------------------|-----------------|
|                           | Book balance    | Provision for bad debt | Provision ratio |
| Low-risk credit portfolio | 49,228,054.10   |                        |                 |
| Total                     | 49,228,054.10   |                        |                 |

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

Unit: RMB

| Provision for bad debt                          | Stage 1      | Stage 2                                   | Stage 3                                | Total      |
|-------------------------------------------------|--------------|-------------------------------------------|----------------------------------------|------------|
|                                                 | 12-month ECL | Lifetime ECL<br>(no credit<br>impairment) | Lifetime ECL<br>(credit<br>impairment) |            |
| Balance as at January 1, 2026                   | 696,358.21   |                                           |                                        | 696,358.21 |
| Balance as at January 1, 2026,<br>in the period |              |                                           |                                        |            |
| Accrued in the period                           | 141,034.28   |                                           |                                        | 141,034.28 |
| Balance as at June 30, 2026                     | 837,392.49   |                                           |                                        | 837,392.49 |

Changes in book balance of loss provisions with significant changes in the period

☐ Applicable ☒ Not Applicable

## VII. Notes to items in the consolidated financial statements (Continued)

### 7. Other receivables (Continued)

#### (1) Other receivables (Continued)

##### 4) Provision for bad debt accrued, recovered or reversed in the period

Provision for bad debt in the period:

Unit: RMB

| Category        | Opening<br>balance | Change amount in the period |                          |                            |       | Closing<br>balance |
|-----------------|--------------------|-----------------------------|--------------------------|----------------------------|-------|--------------------|
|                 |                    | Accrued                     | Recovered<br>or reversed | Write-back<br>or write-off | Other |                    |
| Aging portfolio | 696,358.21         | 141,034.28                  |                          |                            |       | 837,392.49         |
| Total           | 696,358.21         | 141,034.28                  |                          |                            |       | 837,392.49         |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 7. Other receivables (Continued)

#### (1) Other receivables (Continued)

##### 5) The top five other receivables, sorted by debtors, based on the closing balance

Unit: RMB

| Unit          | Nature of payment            | Closing balance | Aging                                                            | Proportion of total closing balance of other receivables | Closing balance of provision for bad debt |
|---------------|------------------------------|-----------------|------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------|
| Customer VII  | Land acquisition for reserve | 28,508,556.00   | 1 to 2 years                                                     | 48.17%                                                   |                                           |
| Customer VIII | Land acquisition for reserve | 9,921,515.00    | 1 to 2 years                                                     | 16.77%                                                   |                                           |
| Customer IX   | Equity transfer payment      | 4,500,000.00    | 6 months to 1 year (inclusive)                                   | 7.60%                                                    | 225,000.00                                |
| Customer X    | Deposit                      | 1,511,836.14    | Within 6 months (inclusive)                                      | 2.55%                                                    | 37,795.90                                 |
| Customer XI   | Deposit                      | 1,017,232.30    | Within 6 months (inclusive), from 6 months to 1 year (inclusive) | 1.72%                                                    | 41,991.10                                 |
| Total         |                              | 45,459,139.44   |                                                                  | 76.81%                                                   | 304,787.00                                |

## VII. Notes to items in the consolidated financial statements (Continued)

### 8. Prepayments

#### (1) Prepayments by aging

Unit: RMB

| Aging             | Closing balance |            | Opening balance |            |
|-------------------|-----------------|------------|-----------------|------------|
|                   | Amount          | Proportion | Amount          | Proportion |
| Within 1 year     | 559,511,797.52  | 98.96%     | 429,274,580.59  | 98.66%     |
| 1 to 2 years      | 938,119.21      | 0.17%      | 850,645.15      | 0.20%      |
| 2 to 3 years      | 4,923,582.15    | 0.87%      | 5,001,795.45    | 1.15%      |
| More than 3 years | 12,000.00       | 0.00%      |                 |            |
| Total             | 565,385,498.88  |            | 435,127,021.19  |            |

#### (2) The top five prepayments, sorted by payee, based on the closing balance

| Unit         | Closing balance | Proportion of total closing balance of prepayments |
|--------------|-----------------|----------------------------------------------------|
| Supplier I   | 169,971,178.51  | 30.06%                                             |
| Supplier II  | 70,849,926.77   | 12.53%                                             |
| Supplier III | 54,824,967.48   | 9.70%                                              |
| Supplier IV  | 31,800,000.00   | 5.62%                                              |
| Supplier V   | 29,564,963.87   | 5.23%                                              |
| Total        | 357,011,036.63  | 63.14%                                             |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 9. Inventories

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

No

#### (1) Classification of Inventories

Unit: RMB

| Item                           | Closing balance  |                                                                                               |                  | Opening balance  |                                                                                               |                  |
|--------------------------------|------------------|-----------------------------------------------------------------------------------------------|------------------|------------------|-----------------------------------------------------------------------------------------------|------------------|
|                                | Book balance     | Depreciation provision for inventories or impairment provision for contract performance costs | Carrying amount  | Book balance     | Depreciation provision for inventories or impairment provision for contract performance costs | Carrying amount  |
| Raw materials                  | 451,513,574.62   | 5,934,812.37                                                                                  | 445,578,762.25   | 343,408,637.20   | 5,934,812.37                                                                                  | 337,473,824.83   |
| Work in progress               | 788,488,382.75   |                                                                                               | 788,488,382.75   | 599,181,013.71   |                                                                                               | 599,181,013.71   |
| Inventory goods                | 427,769,932.63   |                                                                                               | 427,769,932.63   | 735,713,608.03   |                                                                                               | 735,713,608.03   |
| Contract performance costs     | 67,355,971.29    |                                                                                               | 67,355,971.29    | 223,175,506.12   |                                                                                               | 223,175,506.12   |
| Goods shipped                  | 245,376,322.83   |                                                                                               | 245,376,322.83   | 275,649,616.60   |                                                                                               | 275,649,616.60   |
| Consigned processing materials | 45,799.44        |                                                                                               | 45,799.44        | 3,373,355.75     |                                                                                               | 3,373,355.75     |
| Total                          | 1,980,549,983.56 | 5,934,812.37                                                                                  | 1,974,615,171.19 | 2,180,501,737.41 | 5,934,812.37                                                                                  | 2,174,566,925.04 |

#### (2) Depreciation provision for inventories and impairment provision for contract performance costs

Unit: RMB

| Item          | Opening balance | Amount increased in the period |       | Amount reduced in the period |       | Closing balance |
|---------------|-----------------|--------------------------------|-------|------------------------------|-------|-----------------|
|               |                 | Accrued                        | Other | Reversed or written-back     | Other |                 |
| Raw materials | 5,934,812.37    |                                |       |                              |       | 5,934,812.37    |
| Total         | 5,934,812.37    |                                |       |                              |       | 5,934,812.37    |



## VII. Notes to items in the consolidated financial statements (Continued)

### 10. Non-current assets due within one year

Unit: RMB

| Item                                | Closing balance      | Opening balance |
|-------------------------------------|----------------------|-----------------|
| Debt investment due within one year | <b>10,776,246.68</b> | 10,632,438.44   |
| Total                               | <b>10,776,246.68</b> | 10,632,438.44   |

#### (1) Debt investment due within one year

☒ Applicable ☐ Not applicable

##### 1) Debt investment due within one year

Unit: RMB

| Name of portfolio      | Closing balance      |                          |                      | Opening balance |                          |                 |
|------------------------|----------------------|--------------------------|----------------------|-----------------|--------------------------|-----------------|
|                        | Book balance         | Provision for impairment | Carrying amount      | Book balance    | Provision for impairment | Carrying amount |
| Certificate of deposit | <b>10,776,246.68</b> | -                        | <b>10,776,246.68</b> | 10,632,438.44   | -                        | 10,632,438.44   |
| Total                  | <b>10,776,246.68</b> | -                        | <b>10,776,246.68</b> | 10,632,438.44   | -                        | 10,632,438.44   |

##### 2) Major debt investment due within one year at the end of the period

Unit: RMB

| Item                                          | Face value    | Coupon rate | Expiry date      |
|-----------------------------------------------|---------------|-------------|------------------|
| China Merchants Bank's certificate of deposit | 10,000,000.00 | 2.90%       | October 27, 2026 |
| Total                                         | 10,000,000.00 |             |                  |

#### (2) Other debt investments due within one year

☐ Applicable ☒ Not Applicable

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 11. Other current assets

Unit: RMB

| Item                      | Closing balance       | Opening balance |
|---------------------------|-----------------------|-----------------|
| Contract acquisition cost | <b>18,362,097.71</b>  |                 |
| Input tax to be deducted  | <b>526,528,516.79</b> | 512,511,192.66  |
| Input tax to be certified | <b>135,785,886.06</b> | 90,271,245.01   |
| Listing fee               |                       | 15,951,731.95   |
| Prepaid taxes and duties  | <b>6,502,339.29</b>   | 8,551,095.11    |
| Short-term bonds          | <b>200,045,465.06</b> |                 |
| Other                     |                       | 71,583.10       |
| Total                     | <b>887,224,304.91</b> | 627,356,847.83  |

### 12. Fixed assets

Unit: RMB

| Item         | Closing balance         | Opening balance  |
|--------------|-------------------------|------------------|
| Fixed assets | <b>3,951,247,823.18</b> | 3,131,572,176.16 |
| Total        | <b>3,951,247,823.18</b> | 3,131,572,176.16 |

## VII. Notes to items in the consolidated financial statements (Continued)

### 12. Fixed assets (Continued)

#### (1) Fixed assets

Unit: RMB

| Item                                              | Houses<br>and buildings | Machinery<br>and equipment | Transportation<br>equipment | Port facilities<br>and their<br>auxiliary facilities | Other         | Total            |
|---------------------------------------------------|-------------------------|----------------------------|-----------------------------|------------------------------------------------------|---------------|------------------|
| I. Original carrying amount:                      |                         |                            |                             |                                                      |               |                  |
| 1. Opening balance                                | 1,030,890,120.71        | 2,318,432,795.52           | 22,862,695.76               | 319,800,389.58                                       | 94,124,756.67 | 3,786,110,758.24 |
| 2. Increase in the period                         | 260,506,203.59          | 332,794,809.05             | 359,176,703.16              |                                                      | 9,679,530.56  | 962,157,246.36   |
| (1) Acquisition                                   | 480,320.46              | 1,839,072.56               | 1,622,612.85                |                                                      | 4,747,338.73  | 8,689,344.60     |
| (2) Transfer-in of<br>construction in<br>progress | 260,025,883.13          | 330,955,736.49             | 357,554,090.31              |                                                      | 4,932,191.83  | 953,467,901.76   |
| (3) Increase due<br>to business<br>combination    |                         |                            |                             |                                                      |               |                  |
| 3. Decrease in the period                         |                         | 71,705,267.38              | 1,009,774.08                |                                                      | 15,506,083.88 | 88,221,125.34    |
| (1) Disposal or scrapping                         |                         | 29,398,372.37              | 62,662.57                   |                                                      | 3,215,470.23  | 32,676,505.17    |
| (2) Others                                        |                         | 42,306,895.01              | 947,111.51                  |                                                      | 12,290,613.65 | 55,544,620.17    |
| 4. Closing balance                                | 1,291,396,324.30        | 2,579,522,337.19           | 381,029,624.84              | 319,800,389.58                                       | 88,298,203.35 | 4,660,046,879.26 |
| II. Accumulated depreciation                      |                         |                            |                             |                                                      |               |                  |
| 1. Opening balance                                | 183,182,578.62          | 344,439,248.96             | 12,980,341.69               | 34,081,587.05                                        | 45,527,327.84 | 620,211,084.16   |
| 2. Increase in the period                         | 22,641,907.74           | 67,924,191.09              | 5,144,006.02                | 3,093,654.36                                         | 6,397,202.06  | 105,200,961.27   |
| (1) Accrual                                       | 22,641,907.74           | 67,924,191.09              | 5,144,006.02                | 3,093,654.36                                         | 6,397,202.06  | 105,200,961.27   |
| 3. Decrease in the period                         |                         | 18,331,833.67              | 265,692.49                  |                                                      | 6,979,423.05  | 25,576,949.21    |
| (1) Disposal or scrapping                         |                         | 7,556,842.24               | 13,908.48                   |                                                      | 2,147,864.85  | 9,718,615.57     |
| (2) Others                                        |                         | 10,774,991.43              | 251,784.01                  |                                                      | 4,831,558.20  | 15,858,333.64    |
| 4. Closing balance                                | 205,824,486.36          | 394,031,606.38             | 17,858,655.22               | 37,175,241.41                                        | 44,945,106.85 | 699,835,096.22   |
| III. Impairment provision                         |                         |                            |                             |                                                      |               |                  |
| 1. Opening balance                                |                         | 24,695,684.27              | 604,847.54                  |                                                      | 9,026,966.11  | 34,327,497.92    |
| 2. Increase in the period                         |                         |                            |                             |                                                      |               |                  |
| (1) Accrual                                       |                         |                            |                             |                                                      |               |                  |
| 3. Decrease in the period                         |                         | 16,428,011.72              | 6,050.00                    |                                                      | 8,929,476.34  | 25,363,538.06    |
| (1) Disposal or scrapping                         |                         | 14,302,478.55              | 6,050.00                    |                                                      | 6,493,473.69  | 20,802,002.24    |
| (2) Others                                        |                         | 2,125,533.17               |                             |                                                      | 2,436,002.65  | 4,561,535.82     |
| 4. Closing balance                                |                         | 8,267,672.55               | 598,797.54                  |                                                      | 97,489.77     | 8,963,959.86     |
| IV. Carrying amount                               |                         |                            |                             |                                                      |               |                  |
| 1. Closing carrying amount                        | 1,085,571,837.94        | 2,177,223,058.26           | 362,572,172.08              | 282,625,148.17                                       | 43,255,606.73 | 3,951,247,823.18 |
| 2. Opening carrying amount                        | 847,707,542.09          | 1,949,297,862.29           | 9,277,506.53                | 285,718,802.53                                       | 39,570,462.72 | 3,131,572,176.16 |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 12. Fixed assets (Continued)

#### (2) Status of temporarily idle fixed assets

Unit: RMB

| Item                     | Original<br>carrying amount | Accumulated<br>Depreciation | Provision<br>for impairment | Carrying<br>amount |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------|
| Machinery and equipment  | 51,557,683.45               | 23,004,350.66               | 8,267,672.55                | 20,285,660.24      |
| Transportation equipment | 3,757,261.06                | 1,973,539.89                | 598,797.54                  | 1,184,923.63       |
| Other                    | 3,261,923.19                | 1,688,655.39                | 97,489.77                   | 1,475,778.03       |
| Total                    | 58,576,867.70               | 26,666,545.94               | 8,963,959.86                | 22,946,361.90      |

### 13. Construction in progress

Unit: RMB

| Item                     | Closing balance         | Opening balance  |
|--------------------------|-------------------------|------------------|
| Construction in progress | <b>2,405,886,751.41</b> | 1,498,000,627.74 |
| Engineering materials    | <b>71,737,450.20</b>    | 64,412,532.06    |
| Total                    | <b>2,477,624,201.61</b> | 1,562,413,159.80 |

## VII. Notes to items in the consolidated financial statements (Continued)

### 13. Construction in progress (Continued)

#### (1) Status of Construction in progress

Unit: RMB

| Name of project                                                                    | Book balance     | Closing balance             |                    | Book balance     | Opening balance             |                    |
|------------------------------------------------------------------------------------|------------------|-----------------------------|--------------------|------------------|-----------------------------|--------------------|
|                                                                                    |                  | Provision<br>for impairment | Carrying<br>amount |                  | Provision<br>for impairment | Carrying<br>amount |
| Caofeidian 700,000 kW Onshore Wind Power Project (Market-oriented)                 | 355,476,142.70   |                             | 355,476,142.70     | 35,144,802.37    |                             | 35,144,802.37      |
| Dajin Heavy Industry Panjin No. 2 Ship Project                                     | 311,160,406.04   |                             | 311,160,406.04     | 239,045,372.47   |                             | 239,045,372.47     |
| Caofeidian 700,000 kW Onshore Wind Power Project (Guaranteed)                      | 302,652,412.16   |                             | 302,652,412.16     | 36,983,115.04    |                             | 36,983,115.04      |
| Dajin Heavy Industry Panjin No. 11 Ship Project                                    | 283,504,536.36   |                             | 283,504,536.36     | 158,403,078.69   |                             | 158,403,078.69     |
| Tangshan Fengnan 250,000 kW Wind Power Project                                     | 251,600,413.13   |                             | 251,600,413.13     | 10,697,018.09    |                             | 10,697,018.09      |
| Phase I of Dajin Heavy Industry Caofeidian Wind Power Home Port Project            | 244,303,886.27   |                             | 244,303,886.27     | 176,879,361.01   |                             | 176,879,361.01     |
| Dajin Heavy Industry Panjin No. 3 Ship Project                                     | 224,071,767.35   |                             | 224,071,767.35     | 81,929,524.84    |                             | 81,929,524.84      |
| Supporting Project of Dajin Heavy Industry Caofeidian Wind Power Home Port         | 174,149,903.62   |                             | 174,149,903.62     | 123,655,252.59   |                             | 123,655,252.59     |
| Dajin Heavy Industry Panjin No. 4 Ship Project                                     | 119,869,470.17   |                             | 119,869,470.17     |                  |                             |                    |
| Phase II of Dajin Heavy Industry Caofeidian Wind Power Home Port Project           | 98,752,665.79    |                             | 98,752,665.79      | 264,299,787.42   |                             | 264,299,787.42     |
| Clean energy equipment manufacturing base project                                  | 9,691,093.09     |                             | 9,691,093.09       | 12,047,886.37    |                             | 12,047,886.37      |
| Dajin Heavy Industry's 100 MW Wind Power Project at Badaogou, Shangyi, Zhangjiakou | 2,858,229.60     |                             | 2,858,229.60       | 2,743,807.08     |                             | 2,743,807.08       |
| 2025 Penglai Technical Renovation Project                                          | 2,750,018.14     |                             | 2,750,018.14       | 2,742,990.38     |                             | 2,742,990.38       |
| Penglai Phase IX Technical Renovation Project                                      | 969,656.67       |                             | 969,656.67         | 969,656.67       |                             | 969,656.67         |
| Dajin Heavy Industry Panjin No. 1 Ship Project                                     |                  |                             |                    | 333,326,409.54   |                             | 333,326,409.54     |
| Quality improvement and scale expansion project                                    | 33,779,863.39    | 26,745,456.64               | 7,034,406.75       | 33,779,863.39    | 26,745,456.64               | 7,034,406.75       |
| Fuxin Blade Project                                                                | 8,121,546.91     | 8,121,546.91                |                    | 8,121,546.91     | 8,121,546.91                |                    |
| Other Projects                                                                     | 17,041,743.57    |                             | 17,041,743.57      | 12,098,158.43    |                             | 12,098,158.43      |
| Total                                                                              | 2,440,753,754.96 | 34,867,003.55               | 2,405,886,751.41   | 1,532,867,631.29 | 34,867,003.55               | 1,498,000,627.74   |

## VII. Notes to items in the consolidated financial statements (Continued)

### 13. Construction in progress (Continued)

#### (2) Changes in significant projects in progress in the period

| Unit: RMB                                                                         |                   |                  |                        |                                                    |                                  |                  |                                                                |                       |                                           |                                                       |                                             |                                           |
|-----------------------------------------------------------------------------------|-------------------|------------------|------------------------|----------------------------------------------------|----------------------------------|------------------|----------------------------------------------------------------|-----------------------|-------------------------------------------|-------------------------------------------------------|---------------------------------------------|-------------------------------------------|
| Name of project                                                                   | Budgeted amount   | Opening balance  | Increase in the period | Amount transferred into fixed assets in the period | Decrease in others in the period | Closing balance  | Cumulative investment in the project as a proportion of budget | Construction progress | Cumulative amount of capitalized interest | Including: capitalized interest amount for the period | Interest capitalization rate for the period | Source of funds                           |
|                                                                                   |                   |                  |                        |                                                    |                                  |                  |                                                                |                       |                                           |                                                       |                                             |                                           |
| Cardedian 700,000 kW Onshore Wind Power Project (Market-oriented)                 | 1,449,000,000.00  | 35,144,802.37    | 320,331,340.33         |                                                    |                                  | 355,476,142.70   | 24.54%                                                         | 33%                   | 2,056,490.68                              | 2,056,490.68                                          | 2.85%                                       | Loans from financial institutions, others |
| Dajin Heavy Industry Panjin No. 2 Ship Project                                    | 400,000,000.00    | 239,045,372.47   | 72,115,033.57          |                                                    |                                  | 311,160,406.04   | 77.79%                                                         | 99%                   |                                           |                                                       |                                             | Others                                    |
| Cardedian 700,000 kW Onshore Wind Power Project (Guaranteed)                      | 1,449,000,000.00  | 36,983,115.04    | 265,669,297.12         |                                                    |                                  | 302,652,412.16   | 20.88%                                                         | 30%                   | 1,439,756.92                              | 1,439,756.92                                          | 2.85%                                       | Others, loans from financial institutions |
| Dajin Heavy Industry Panjin No. 11 Ship Project                                   | 400,000,000.00    | 158,403,078.69   | 125,101,457.67         |                                                    |                                  | 283,504,536.36   | 70.88%                                                         | 81%                   |                                           |                                                       |                                             | Others                                    |
| Tangshan Fengnan 250,000 kW Wind Power Project                                    | 1,035,000,000.00  | 10,697,018.09    | 240,903,395.04         |                                                    |                                  | 251,600,413.13   | 24.31%                                                         | 31%                   | 1,363,265.77                              | 1,363,307.44                                          | 2.85%                                       | Loans from financial institutions, others |
| Phase I of Dajin Heavy Industry Cardedian Wind Power Home Port Project            | 2,500,000,000.00  | 176,879,361.01   | 243,967,886.19         | 176,543,360.93                                     |                                  | 244,303,886.27   | 29.25%                                                         | 95%                   |                                           |                                                       |                                             | Others, fundraising                       |
| Dajin Heavy Industry Panjin No. 3 Ship Project                                    | 450,000,000.00    | 81,929,524.84    | 142,142,242.51         |                                                    |                                  | 224,071,767.35   | 49.80%                                                         | 52%                   |                                           |                                                       |                                             | Others                                    |
| Supporting Project of Dajin Heavy Industry for Cardedian Wind Power Home Port     | 1,000,000,000.00  | 123,655,252.59   | 50,587,285.10          | 72,634.07                                          |                                  | 174,149,903.62   | 17.42%                                                         | 85%                   | 302,500.00                                | 295,625.00                                            | 2.75%                                       | Others, loans from financial institutions |
| Dajin Heavy Industry Panjin No. 4 Ship Project                                    | 450,000,000.00    |                  | 119,869,470.17         |                                                    |                                  | 119,869,470.17   | 26.64%                                                         | 12%                   |                                           |                                                       |                                             | Others                                    |
| Phase II of Dajin Heavy Industry Cardedian Wind Power Home Port Project           | 2,400,000,000.00  | 264,299,787.42   | 209,929,337.95         | 375,476,459.98                                     |                                  | 98,752,665.79    | 19.76%                                                         | 80%                   |                                           |                                                       |                                             | Others                                    |
| Clean energy equipment manufacturing base project                                 | 240,000,000.00    | 12,047,886.37    | 7,548,790.51           | 9,905,583.79                                       |                                  | 9,691,093.09     | 80.63%                                                         | 98%                   |                                           |                                                       |                                             | Others                                    |
| Dajin Heavy Industry's 100 MW Wind Power Project at Badagou, Shangri, Zhangjiakou | 414,000,000.00    | 2,743,807.08     | 114,422.52             |                                                    |                                  | 2,858,229.60     | 0.70%                                                          | 3%                    |                                           |                                                       |                                             | Others                                    |
| Dajin Heavy Industry Panjin No. 1 Ship Project                                    | 400,000,000.00    | 333,326,409.54   | 19,110,096.30          | 352,486,505.84                                     |                                  |                  | 88.11%                                                         | 100%                  |                                           |                                                       |                                             | Others                                    |
| Total                                                                             | 12,587,000,000.00 | 1,475,155,415.51 | 1,817,370,054.98       | 914,484,544.21                                     |                                  | 2,378,090,926.28 |                                                                |                       | 5,162,013.37                              | 5,151,180.04                                          |                                             |                                           |



## VII. Notes to items in the consolidated financial statements (Continued)

### 13. Construction in progress (Continued)

#### (3) Provision for impairment of construction in progress in the period

Unit: RMB

| Item                                            | Opening balance | Increase in the period | Decrease in the period | Closing balance | Reason for provision |
|-------------------------------------------------|-----------------|------------------------|------------------------|-----------------|----------------------|
| Quality improvement and scale expansion project | 26,745,456.64   |                        |                        | 26,745,456.64   | Project Termination  |
| Fuxin Blade Project                             | 8,121,546.91    |                        |                        | 8,121,546.91    | Project Termination  |
| Total                                           | 34,867,003.55   |                        |                        | 34,867,003.55   | —                    |

#### (4) Impairment test of construction in progress

☐ Applicable ☒ Not Applicable

#### (5) Engineering materials

Unit: RMB

| Item                  | Closing balance |                          |                 | Opening balance |                          |                 |
|-----------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|                       | Book balance    | Provision for impairment | Carrying amount | Book balance    | Provision for impairment | Carrying amount |
| engineering materials | 71,737,450.20   |                          | 71,737,450.20   | 64,412,532.06   |                          | 64,412,532.06   |
| Total                 | 71,737,450.20   |                          | 71,737,450.20   | 64,412,532.06   |                          | 64,412,532.06   |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 14. Right-of-use assets

#### (1) Right-of-use assets

Unit: RMB

| Item                         | Houses,<br>buildings and land | Total          |
|------------------------------|-------------------------------|----------------|
| I. Original carrying amount  |                               |                |
| 1. Opening balance           | 341,929,785.51                | 341,929,785.51 |
| 2. Increase in the period    | 20,179,169.57                 | 20,179,169.57  |
| (1) New lease                | 20,179,169.57                 | 20,179,169.57  |
| 3. Decrease in the period    | 129,301,824.98                | 129,301,824.98 |
| (1) Others                   | 129,301,824.98                | 129,301,824.98 |
| 4. Closing balance           | 232,807,130.10                | 232,807,130.10 |
| II. Accumulated depreciation |                               |                |
| 1. Opening balance           | 70,330,396.36                 | 70,330,396.36  |
| 2. Increase in the period    | 9,330,306.51                  | 9,330,306.51   |
| (1) Accrual                  | 9,330,306.51                  | 9,330,306.51   |
| 3. Decrease in the period    | 48,025,959.38                 | 48,025,959.38  |
| (1) Disposal                 |                               |                |
| (2) Others                   | 48,025,959.38                 | 48,025,959.38  |
| 4. Closing balance           | 31,634,743.49                 | 31,634,743.49  |
| III. Impairment provision    |                               |                |
| 1. Opening balance           |                               |                |
| 2. Increase in the period    |                               |                |
| (1) Accrual                  |                               |                |
| 3. Decrease in the period    |                               |                |
| (1) Disposal                 |                               |                |
| 4. Closing balance           |                               |                |
| IV. Carrying amount          |                               |                |
| 1. Closing carrying amount   | 201,172,386.61                | 201,172,386.61 |
| 2. Opening carrying amount   | 271,599,389.15                | 271,599,389.15 |

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

☐ Applicable ☒ Not applicable

## VII. Notes to items in the consolidated financial statements (Continued)

### 15. Intangible assets

#### (1) Intangible assets

Unit: RMB

| Item                                     | Land use right | Patent right  | Sea use rights | Software     | Total          |
|------------------------------------------|----------------|---------------|----------------|--------------|----------------|
| I. Original carrying amount              |                |               |                |              |                |
| 1. Opening balance                       | 295,481,082.85 | 13,230,715.64 | 105,191,895.20 | 5,605,382.76 | 419,509,076.45 |
| 2. Increase in the period                | 127,704,573.86 |               |                | 33,469.34    | 127,738,043.20 |
| (1) Acquisition                          | 84,864,029.13  |               |                | 33,469.34    | 84,897,498.47  |
| (2) Internal R&D                         |                |               |                |              |                |
| (3) Increase due to business combination |                |               |                |              |                |
| (4) Others                               | 42,840,544.73  |               |                |              | 42,840,544.73  |
| 3. Decrease in the period                |                |               | 43,420,781.80  |              | 43,420,781.80  |
| (1) Disposal                             |                |               |                |              |                |
| (2) Others                               |                |               | 43,420,781.80  |              | 43,420,781.80  |
| 4. Closing balance                       | 423,185,656.71 | 13,230,715.64 | 61,771,113.40  | 5,638,852.10 | 503,826,337.85 |
| II. Accumulated amortization             |                |               |                |              |                |
| 1. Opening balance                       | 31,901,627.82  | 11,256,810.50 | 12,075,288.17  | 2,327,489.65 | 57,561,216.14  |
| 2. Increase in the period                | 3,406,531.12   | 283,809.94    | 843,818.80     | 428,883.16   | 4,963,043.02   |
| (1) Accrual                              | 3,406,531.12   | 283,809.94    | 843,818.80     | 428,883.16   | 4,963,043.02   |
| 3. Decrease in the period                |                |               | 580,237.07     |              | 580,237.07     |
| (1) Disposal                             |                |               |                |              |                |
| (2) Others                               |                |               | 580,237.07     |              | 580,237.07     |
| 4. Closing balance                       | 35,308,158.94  | 11,540,620.44 | 12,338,869.90  | 2,756,372.81 | 61,944,022.09  |
| III. Impairment provision                |                |               |                |              |                |
| 1. Opening balance                       |                |               |                |              |                |
| 2. Increase in the period                |                |               |                |              |                |
| (1) Accrual                              |                |               |                |              |                |
| 3. Decrease in the period                |                |               |                |              |                |
| (1) Disposal                             |                |               |                |              |                |
| 4. Closing balance                       |                |               |                |              |                |
| IV. Carrying amount                      |                |               |                |              |                |
| 1. Closing carrying amount               | 387,877,497.77 | 1,690,095.20  | 49,432,243.50  | 2,882,479.29 | 441,882,315.76 |
| 2. Opening carrying amount               | 263,579,455.03 | 1,973,905.14  | 93,116,607.03  | 3,277,893.11 | 361,947,860.31 |

The proportion of intangible assets created through internal R&D to the balance of intangible assets at the end of the period is 0.00%

#### (2) Impairment test of intangible assets

☐ Applicable ☒ Not Applicable

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 16. Long-term deferred expenses

Unit: RMB

| Item            | Opening balance | Increase in the period | Amortized amount in the period | Other decreases | Closing balance     |
|-----------------|-----------------|------------------------|--------------------------------|-----------------|---------------------|
| General tooling | 772,304.06      |                        | 176,741.88                     |                 | <b>595,562.18</b>   |
| Decoration cost |                 | 1,028,518.99           | 30,250.56                      |                 | <b>998,268.43</b>   |
| Total           | 772,304.06      | 1,028,518.99           | 206,992.44                     |                 | <b>1,593,830.61</b> |

### 17. Deferred tax assets/Deferred tax liabilities

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

Unit: RMB

| Item                                              | Closing balance                  |                       | Opening balance                  |                     |
|---------------------------------------------------|----------------------------------|-----------------------|----------------------------------|---------------------|
|                                                   | Deductible temporary differences | Deferred tax assets   | Deductible temporary differences | Deferred tax assets |
| Asset impairment provision                        | <b>180,632,149.26</b>            | <b>34,770,175.05</b>  | 172,745,933.88                   | 31,773,653.97       |
| Unrealised profits from intercompany transactions | <b>205,575,748.40</b>            | <b>51,393,937.10</b>  | 122,393,166.81                   | 30,598,291.70       |
| Deductible loss                                   | <b>334,293,134.80</b>            | <b>83,573,283.70</b>  | 303,170,071.44                   | 75,792,517.87       |
| Deferred income                                   | <b>77,732,500.02</b>             | <b>19,433,125.01</b>  | 79,050,000.00                    | 19,762,500.00       |
| Lease liabilities                                 | <b>167,150,984.74</b>            | <b>30,744,521.18</b>  | 209,811,206.85                   | 43,278,830.61       |
| Other                                             | <b>16,762,101.06</b>             | <b>3,184,800.18</b>   |                                  |                     |
| Total                                             | <b>982,146,618.28</b>            | <b>223,099,842.22</b> | 887,170,378.98                   | 201,205,794.15      |

## VII. Notes to items in the consolidated financial statements (Continued)

### 17. Deferred tax assets/Deferred tax liabilities (Continued)

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

Unit: RMB

| Item                                                                           | Closing balance               |                          | Opening balance               |                          |
|--------------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
|                                                                                | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Additional deduction of fixed assets                                           | 73,594,042.13                 | 11,862,011.15            | 86,289,066.78                 | 14,593,352.04            |
| Net value of right-of-use assets                                               | 198,294,877.86                | 34,135,102.71            | 226,211,156.33                | 47,134,173.98            |
| Financial assets held for trading – gains or losses from changes in fair value | 1,724,921.79                  | 422,029.33               | 278,253.19                    | 69,563.30                |
| Total                                                                          | 273,613,841.78                | 46,419,143.19            | 312,778,476.30                | 61,797,089.32            |

#### (3) Deferred tax assets or liabilities presented at net amount after offsetting

Unit: RMB

| Item                     | Closing offset amount between deferred tax assets and liabilities | Closing balance of deferred tax assets or liabilities after offsetting | Opening offset amount between deferred tax assets and liabilities | Opening balance of deferred tax assets or liabilities after offsetting |
|--------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------------------------|
| Deferred tax assets      | 41,282,335.80                                                     | 181,817,506.42                                                         | 55,552,275.18                                                     | 145,653,518.97                                                         |
| Deferred tax liabilities | 41,282,335.80                                                     | 5,136,807.39                                                           | 55,552,275.18                                                     | 6,244,814.14                                                           |

#### (4) Details of unrecognised deferred tax assets

Unit: RMB

| Item                            | Closing balance | Opening balance |
|---------------------------------|-----------------|-----------------|
| Deductible temporary difference | 42,680,315.14   | 69,194,501.47   |
| Deductible loss                 | 163,189,607.19  | 38,392,803.05   |
| Total                           | 205,869,922.33  | 107,587,304.52  |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 17. Deferred tax assets/Deferred tax liabilities (Continued)

#### (5) Deductible losses of unrecognised deferred tax assets will expire in the following years

Unit: RMB

| Year  | Closing amount | Opening Balance |
|-------|----------------|-----------------|
| 2027  | 65,702.31      | 65,702.31       |
| 2028  | 300,527.70     | 300,527.70      |
| 2029  | 11,526,456.87  | 11,526,671.71   |
| 2030  | 46,169,507.58  | 26,499,901.33   |
| 2031  | 105,127,412.73 |                 |
| Total | 163,189,607.19 | 38,392,803.05   |

### 18. Other non-current assets

Unit: RMB

| Item                               | Closing balance |                          |                 | Opening balance |                          |                 |
|------------------------------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|-----------------|
|                                    | Book balance    | Provision for impairment | Carrying amount | Book balance    | Provision for impairment | Carrying amount |
| Prepaid construction and equipment | 512,045,843.64  |                          | 512,045,843.64  | 537,091,154.68  |                          | 537,091,154.68  |
| Total                              | 512,045,843.64  |                          | 512,045,843.64  | 537,091,154.68  |                          | 537,091,154.68  |



## VII. Notes to items in the consolidated financial statements (Continued)

## 19. Assets with restricted ownership or use rights

Unit: RMB

| Item                     | End of period  |                 |                 |                          | Beginning of period |                 |                 |                          |
|--------------------------|----------------|-----------------|-----------------|--------------------------|---------------------|-----------------|-----------------|--------------------------|
|                          | Book balance   | Carrying amount | Restricted type | Restricted Conditions    | Book balance        | Carrying amount | Restricted type | Restricted Conditions    |
| Cash at bank and on hand | 97,572,494.41  | 97,572,494.41   | Deposit, frozen | Deposit and frozen funds | 99,515,915.06       | 99,515,915.06   | Deposit, frozen | Deposit and frozen funds |
| Fixed assets             | 352,436,505.84 | 352,436,505.84  | Mortgaged       | Mortgaged for borrowing  |                     |                 |                 |                          |
| Construction in progress | 311,160,406.04 | 311,160,406.04  | Mortgaged       | Mortgaged for borrowing  |                     |                 |                 |                          |
| Receivables financing    | 177,060,998.97 | 177,060,998.97  | Pledged         | Bill pledge Factoring    | 45,778,313.25       | 45,778,313.25   | Pledged         | Bill pledge Factoring    |
| Accounts receivable      | 4,134,419.21   | 2,926,499.77    | Pledged         | pledge                   | 4,134,419.21        | 3,720,977.29    | Pledged         | pledge                   |
| Total                    | 942,364,824.47 | 941,156,905.03  |                 |                          | 149,428,647.52      | 149,015,205.60  |                 |                          |

Other explanations:

1. Our sub-subsidiary Tangshan Jinhong has borrowed from Bank of China Limited, with a loan balance of RMB261.8402 million as of June 30, 2026. The term of loan is from December 2024 to September 2039. The purpose of the loan is for the construction of the Dajin Heavy Industry Shilihai 125,000kW fishery-photovoltaic complementary market-oriented photovoltaic project. The relevant loan is secured by a pledge of the "right to receive electricity fees from the Dajin Heavy Industry Shilihai 125,000kW fishery-photovoltaic complementary market-oriented photovoltaic project" and the pledge registration has been completed.
2. Our sub-subsidiary Tangshan Jinrui has borrowed from Bank of China Limited, with a loan balance of RMB254.4557 million as of June 30, 2026. The term of loan is from November 2024 to December 2039. The purpose of the loan is for the construction of the Dajin Heavy Industry Shilihai 125,000kW fishery-photovoltaic complementary guaranteed photovoltaic project. The relevant loan is secured by a pledge of the "right to receive electricity fees from the Dajin Heavy Industry Shilihai 125MW fishery-photovoltaic complementary guaranteed photovoltaic project" and the pledge registration has been completed.
3. Changwu Xiliujiazi has borrowed from Bank of China Limited, with a loan balance of RMB405.33 million as of June 30, 2026. The term of loan is from January 2025 to December 2037. The purpose of the loan is for replacing shareholder loans invested in the construction of the 250MW wind farm project of Fuxin Changwu Xiliujiazi Electric Power New Energy Co., Ltd.. The relevant loan is secured by a pledge of the "right to receive electricity fees from the 250MW wind farm project of Fuxin Changwu Xiliujiazi Electric Power New Energy Co., Ltd." and the pledge registration has been completed.

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 19. Assets with restricted ownership or use rights (Continued)

4. Our sub-subsidiary Tangshan Xianghong has borrowed from China Merchants Bank Co., Ltd., with a loan balance of RMB50 million as of June 30, 2026. The term of loan is from February 2026 to February 2041. The purpose of the loan is for the construction of the Dajin Heavy Industry Caofeidian District 700,000 kW onshore wind power project (guaranteed). The relevant loan is secured by a pledge of the "right to receive electricity fees from the Dajin Heavy Industry Caofeidian District 700,000 kW onshore wind power project (guaranteed)".
5. Our sub-subsidiary Tangshan Xiangling has borrowed from China Merchants Bank Co., Ltd. As of June 30, 2026, the balance of the loan stands at RMB50 million. The term of loan is from February 2026 to February 2041. The purpose of the loan is for the construction of Dajin Heavy Industry Caofeidian District 700,000 kW onshore wind power project (market-oriented). The relevant loan is secured by a pledge of the "right to receive electricity fees from Dajin Heavy Industry Caofeidian District 700,000 kW onshore wind power project (market-oriented)".

### 20. Short-term borrowings

#### (1) Classification of short-term borrowings

Unit: RMB

| Item                 | Closing balance | Opening balance |
|----------------------|-----------------|-----------------|
| Credit borrowings    |                 | 285,317,539.32  |
| Factoring borrowings | 4,134,419.21    | 4,134,419.21    |
| Total                | 4,134,419.21    | 289,451,958.53  |

#### (2) Status of short-term borrowings that have been overdue and not repaid

The total amount of short-term borrowings that have been overdue and not repaid at the end of the period is RMB0.00.

### 21. Bills payables

Unit: RMB

| Category             | Closing balance  | Opening balance  |
|----------------------|------------------|------------------|
| Bank acceptance bill | 1,069,022,838.32 | 1,039,516,389.22 |
| Total                | 1,069,022,838.32 | 1,039,516,389.22 |

The total amount of bills payables that have expired but have not yet paid at the end of the period is RMB0.00.

## VII. Notes to items in the consolidated financial statements (Continued)

### 22. Accounts payable

#### (1) Presentation of accounts payable

Unit: RMB

| Item              | Closing balance         | Opening balance |
|-------------------|-------------------------|-----------------|
| Within 1 year     | <b>921,898,476.58</b>   | 593,798,660.18  |
| 1 to 2 years      | <b>35,017,709.22</b>    | 37,854,108.69   |
| 2 to 3 years      | <b>129,838,175.37</b>   | 184,407,118.45  |
| More than 3 years | <b>55,621,440.44</b>    | 6,459,790.17    |
| Total             | <b>1,142,375,801.61</b> | 822,519,677.49  |

The ageing of accounts payables is presented based on the date of incurrence of payables.

#### (2) Material accounts payable aged over 1 year or overdue

Unit: RMB

| Item         | Closing balance       | Reason for non-repayment or carry-forward |
|--------------|-----------------------|-------------------------------------------|
| Supplier VI  | <b>120,028,458.36</b> | The contract has not been fully performed |
| Supplier VII | <b>50,000,000.00</b>  | The contract has not been fully performed |
| Total        | <b>170,028,458.36</b> |                                           |

### 23. Other payables

Unit: RMB

| Item           | Closing balance      | Opening balance |
|----------------|----------------------|-----------------|
| Other payables | <b>68,713,557.73</b> | 58,424,444.55   |
| Total          | <b>68,713,557.73</b> | 58,424,444.55   |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 23. Other payables (Continued)

#### (1) Other payables

##### 1) Presentation of other payables by the nature of payment

Unit: RMB

| Item             | Closing balance | Opening balance |
|------------------|-----------------|-----------------|
| Deposit          | 67,058,334.66   | 55,632,856.64   |
| Current accounts | 1,138,112.21    | 2,576,267.71    |
| Other            | 517,110.86      | 215,320.20      |
| Total            | 68,713,557.73   | 58,424,444.55   |

### 24. Contract liabilities

Unit: RMB

| Item              | Closing balance  | Opening balance  |
|-------------------|------------------|------------------|
| Payment for goods | 2,156,671,774.94 | 1,608,629,110.01 |
| Total             | 2,156,671,774.94 | 1,608,629,110.01 |

### 25. Employee compensation payable

#### (1) Presentation of employee compensation payable

Unit: RMB

| Item                                                       | Opening balance | Increase in the period | Decrease in the period | Closing balance |
|------------------------------------------------------------|-----------------|------------------------|------------------------|-----------------|
| I. Short-term compensation                                 | 99,206,837.13   | 255,283,145.52         | 273,555,802.21         | 80,934,180.44   |
| II. Post-employment benefits – defined contribution scheme | 1,008,166.79    | 23,925,547.53          | 23,959,557.24          | 974,157.08      |
| III. Termination benefits                                  | 76,409.00       | 4,139,648.07           | 4,216,057.07           |                 |
| Total                                                      | 100,291,412.92  | 283,348,341.12         | 301,731,416.52         | 81,908,337.52   |

## VII. Notes to items in the consolidated financial statements (Continued)

### 25. Employee compensation payable (Continued)

#### (2) Presentation of short-term compensation

Unit: RMB

| Item                                             | Opening balance | Increase in<br>the period | Decrease in<br>the period | Closing balance      |
|--------------------------------------------------|-----------------|---------------------------|---------------------------|----------------------|
| 1. Salary, bonus, allowance and<br>subsidy       | 97,990,321.97   | 218,096,655.71            | 236,554,800.18            | <b>79,532,177.50</b> |
| 2. Employee welfare                              |                 | 12,079,073.72             | 12,079,073.72             |                      |
| 3. Social security contributions                 | 618,617.36      | 13,472,589.67             | 13,489,141.13             | <b>602,065.90</b>    |
| Including: Medical insurance                     | 535,115.53      | 11,961,793.83             | 11,977,499.01             | <b>519,410.35</b>    |
| Work injury insurance                            | 28,943.26       | 1,160,044.29              | 1,165,371.80              | <b>23,615.75</b>     |
| Maternity insurance                              | 54,558.57       | 350,751.55                | 346,270.32                | <b>59,039.80</b>     |
| 4. Housing fund                                  | 219,320.20      | 9,095,553.76              | 9,314,758.96              | <b>115.00</b>        |
| 5. Labor union fee and employee<br>education fee | 378,577.60      | 2,539,272.66              | 2,118,028.22              | <b>799,822.04</b>    |
| Total                                            | 99,206,837.13   | 255,283,145.52            | 273,555,802.21            | <b>80,934,180.44</b> |

#### (3) Presentation of defined contribution scheme

Unit: RMB

| Item                       | Opening balance | Increase in<br>the period | Decrease in<br>the period | Closing balance   |
|----------------------------|-----------------|---------------------------|---------------------------|-------------------|
| 1. Basic pension insurance | 977,737.12      | 23,087,177.41             | 23,120,277.73             | <b>944,636.80</b> |
| 2. Unemployment insurance  | 30,429.67       | 838,370.12                | 839,279.51                | <b>29,520.28</b>  |
| Total                      | 1,008,166.79    | 23,925,547.53             | 23,959,557.24             | <b>974,157.08</b> |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 26. Taxes payable

Unit: RMB

| Item                                   | Closing balance | Opening balance |
|----------------------------------------|-----------------|-----------------|
| Value-added tax                        | 5,463,110.60    | 6,542,236.92    |
| Corporate income tax                   | 42,958,808.00   | 61,332,823.93   |
| Individual income tax                  | 3,199,296.52    | 3,505,702.90    |
| Urban maintenance and construction tax | 875,995.61      | 439,665.10      |
| Property tax                           | 831,338.16      | 1,385,132.90    |
| Education surcharges                   | 415,391.40      | 188,427.90      |
| Land use tax                           | 2,438,536.41    | 1,526,474.45    |
| Stamp duty                             | 3,632,618.16    | 2,442,003.08    |
| Local education surcharges             | 276,927.60      | 125,618.60      |
| Environmental protection tax           | 23,695.95       | 25,778.68       |
| Total                                  | 60,115,718.41   | 77,513,864.46   |

### 27. Non-current liabilities due within one year

Unit: RMB

| Item                                     | Closing balance | Opening balance |
|------------------------------------------|-----------------|-----------------|
| Long-term borrowings due within one year | 163,015,539.84  | 321,326,729.67  |
| Lease liabilities due within one year    | 7,221,469.81    | 33,627,018.35   |
| Total                                    | 170,237,009.65  | 354,953,748.02  |



## VII. Notes to items in the consolidated financial statements (Continued)

### 28. Other current liabilities

Unit: RMB

| Item                              | Closing balance      | Opening balance |
|-----------------------------------|----------------------|-----------------|
| Output tax to be transferred      | <b>6,634,059.90</b>  | 21,252,376.11   |
| Forward foreign exchange contract | <b>11,929,880.00</b> |                 |
| Total                             | <b>18,563,939.90</b> | 21,252,376.11   |

Changes in short-term bonds payable:

### 29. Long-term borrowings

#### (1) Classification of long-term borrowings

Unit: RMB

| Item                                 | Closing balance         | Opening balance  |
|--------------------------------------|-------------------------|------------------|
| Guaranteed borrowings                | <b>820,547,712.75</b>   | 140,010,833.33   |
| Credit borrowings                    | <b>16,981,546.24</b>    | 196,149,722.22   |
| Guaranteed + pledged borrowings      | <b>1,022,370,092.25</b> | 1,267,299,235.74 |
| Guaranteed + secured borrowings      | <b>286,215,294.46</b>   |                  |
| Principal due within one year        | <b>-161,432,355.76</b>  | -320,046,200.00  |
| Interest payable due within one year | <b>-1,583,184.08</b>    | -1,280,529.67    |
| Total                                | <b>1,983,099,105.86</b> | 1,282,133,061.62 |

For details of mortgages and pledges, please refer to "19. Assets with restricted ownership or use rights" in the notes.

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 30. Lease liabilities

Unit: RMB

| Item                                  | Closing balance       | Opening balance |
|---------------------------------------|-----------------------|-----------------|
| Lease payments                        | <b>252,128,995.45</b> | 318,662,742.85  |
| Unrecognised finance expense          | <b>-81,917,038.76</b> | -86,703,241.14  |
| Lease liabilities due within one year | <b>-7,221,469.81</b>  | -33,627,018.35  |
| Total                                 | <b>162,990,486.88</b> | 198,332,483.36  |

### 31. Long-term payables

Unit: RMB

| Item               | Closing balance       | Opening balance |
|--------------------|-----------------------|-----------------|
| Long-term payables | <b>34,467,282.96</b>  | 36,545,854.80   |
| Special payables   | <b>108,681,305.37</b> | 108,681,305.37  |
| Total              | <b>143,148,588.33</b> | 145,227,160.17  |

#### (1) Presentation of long-term payables by the nature of payment

Unit: RMB

| Item                     | Closing balance      | Opening balance |
|--------------------------|----------------------|-----------------|
| Capacity reservation fee | <b>34,467,282.96</b> | 36,545,854.80   |

#### (2) Special payables

Unit: RMB

| Item                               | Opening balance | Increase in the period | Decrease in the period | Closing balance       |
|------------------------------------|-----------------|------------------------|------------------------|-----------------------|
| Relocation expense for new factory | 108,681,305.37  |                        |                        | <b>108,681,305.37</b> |
| Total                              | 108,681,305.37  |                        |                        | <b>108,681,305.37</b> |

## VII. Notes to items in the consolidated financial statements (Continued)

### 32. Deferred income

Unit: RMB

| Item              | Opening balance | Increase in<br>the period | Decrease in<br>the period | Closing balance       | Reason            |
|-------------------|-----------------|---------------------------|---------------------------|-----------------------|-------------------|
| Government grants | 205,771,157.65  |                           | 3,265,420.80              | <b>202,505,736.85</b> | Related to assets |
| Total             | 205,771,157.65  |                           | 3,265,420.80              | <b>202,505,736.85</b> |                   |

### 33. Share capital

Unit: RMB

|                        | Increase or decrease in the change (+,-) |                           |             |                                                 |       |                | Closing<br>balance    |
|------------------------|------------------------------------------|---------------------------|-------------|-------------------------------------------------|-------|----------------|-----------------------|
|                        | Opening<br>balance                       | Issuance of<br>new shares | Bonus share | Conversion of<br>capital reserve<br>into shares | Other | Subtotal       |                       |
| Total number of shares | 637,749,349.00                           | 100,010,600.00            |             |                                                 |       | 100,010,600.00 | <b>737,759,949.00</b> |

Other explanations:

The increase in share capital for the period is due to the Company's listing on the Main Board of the Hong Kong Stock Exchange on June 5, 2026, with the issuance of 100,010,600 new shares (before exercise of the Over-allotment Option).

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 34. Capital reserve

Unit: RMB

| Item                            | Opening balance  | Increase in<br>the period | Decrease in<br>the period | Closing balance         |
|---------------------------------|------------------|---------------------------|---------------------------|-------------------------|
| Capital reserve (share premium) | 3,806,028,183.90 | 5,525,783,520.50          |                           | <b>9,331,811,704.40</b> |
| Total                           | 3,806,028,183.90 | 5,525,783,520.50          |                           | <b>9,331,811,704.40</b> |

Other explanations, including changes in the period and explanations for the reasons for such changes:

The increase in share premium in the period is due to the Company's listing on the Main Board of the Hong Kong Stock Exchange, resulting in an increase of RMB5,525,783,520.50 in share premium (before the exercise of the Over-allotment Option).

### 35. Other comprehensive income

Unit: RMB

| Item                                                                       | Opening<br>balance | Pre-tax<br>amount for<br>the period | Amount for the period                                                                                |                                                                                                         |                             |                                                       |                                                    | Closing<br>balance   |
|----------------------------------------------------------------------------|--------------------|-------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------------------|----------------------------------------------------|----------------------|
|                                                                            |                    |                                     | Less: Amount<br>transferred from<br>other comprehensive<br>income to profit or<br>loss in the period | Less: Amount<br>transferred from<br>other comprehensive<br>income to retained<br>earnings in the period | Less: Income<br>tax expense | After-tax<br>attributable<br>to the<br>parent company | After-tax<br>attributable to<br>minority interests |                      |
| II. Other comprehensive income                                             |                    |                                     |                                                                                                      |                                                                                                         |                             |                                                       |                                                    |                      |
| reclassified into profit or loss                                           | 9,993,590.25       | -13,999,347.89                      |                                                                                                      |                                                                                                         |                             | -13,999,347.89                                        |                                                    | <b>-4,005,757.64</b> |
| Translation difference of<br>financial statements in<br>foreign currencies | 9,993,590.25       | -13,999,347.89                      |                                                                                                      |                                                                                                         |                             | -13,999,347.89                                        |                                                    | <b>-4,005,757.64</b> |
| Total other comprehensive<br>income                                        | 9,993,590.25       | -13,999,347.89                      |                                                                                                      |                                                                                                         |                             | -13,999,347.89                                        |                                                    | <b>-4,005,757.64</b> |

## VII. Notes to items in the consolidated financial statements (Continued)

### 36. Surplus reserve

Unit: RMB

| Item                      | Opening balance | Increase in<br>the period | Decrease in<br>the period | <b>Closing balance</b> |
|---------------------------|-----------------|---------------------------|---------------------------|------------------------|
| Statutory surplus reserve | 98,313,110.86   |                           |                           | <b>98,313,110.86</b>   |
| Total                     | 98,313,110.86   |                           |                           | <b>98,313,110.86</b>   |

### 37. Undistributed profits

Unit: RMB

| Item                                                                             | The period       | Previous period  |
|----------------------------------------------------------------------------------|------------------|------------------|
| Undistributed profits at end of the previous period before adjustment            | 3,728,205,955.47 | 2,730,774,919.62 |
| Undistributed profits at beginning of period before adjustment                   | 3,728,205,955.47 | 2,730,774,919.62 |
| Plus: Net profit attributable to the owners of the parent company for the period | 600,567,001.92   | 1,103,297,424.75 |
| Dividends on ordinary shares payable                                             | 55,484,193.36    | 105,866,388.90   |
| Undistributed profits at end of period                                           | 4,273,288,764.03 | 3,728,205,955.47 |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 38. Revenue and operating costs

Unit: RMB

| Item             | Amount for the period |                  | Amount for previous period |                  |
|------------------|-----------------------|------------------|----------------------------|------------------|
|                  | Revenue               | Cost             | Revenue                    | Cost             |
| Main business    | 3,199,189,926.81      | 2,020,094,597.78 | 2,810,595,743.88           | 2,032,807,971.95 |
| Other businesses | 53,325,264.78         | 11,898,635.24    | 30,543,518.56              | 7,991,967.48     |
| Total            | 3,252,515,191.59      | 2,031,993,233.02 | 2,841,139,262.44           | 2,040,799,939.43 |

Breakdown information of revenue and operating costs:

Unit: RMB

| Contract Classification                         | Amount for the period |                  | Total            |                  |
|-------------------------------------------------|-----------------------|------------------|------------------|------------------|
|                                                 | Revenue               | Operating costs  | Revenue          | Operating costs  |
| Business type                                   |                       |                  |                  |                  |
| Including:                                      |                       |                  |                  |                  |
| Manufacturing and sales of wind power equipment | 3,075,160,538.06      | 1,971,172,427.84 | 3,075,160,538.06 | 1,971,172,427.84 |
| Wind and photovoltaic power generation          | 124,029,388.75        | 48,922,169.94    | 124,029,388.75   | 48,922,169.94    |
| Other                                           | 53,325,264.78         | 11,898,635.24    | 53,325,264.78    | 11,898,635.24    |
| Classified by business region                   |                       |                  |                  |                  |
| Including:                                      |                       |                  |                  |                  |
| Domestic                                        | 577,478,673.11        | 409,918,335.59   | 577,478,673.11   | 409,918,335.59   |
| Export                                          | 2,675,036,518.48      | 1,622,074,897.43 | 2,675,036,518.48 | 1,622,074,897.43 |
| Classified by the time of commodity transfer    |                       |                  |                  |                  |
| Including:                                      |                       |                  |                  |                  |
| Point in time                                   | 3,252,515,191.59      | 2,031,993,233.02 | 3,252,515,191.59 | 2,031,993,233.02 |
| Classified by sales channels                    |                       |                  |                  |                  |
| Including:                                      |                       |                  |                  |                  |
| Direct sales                                    | 3,252,515,191.59      | 2,031,993,233.02 | 3,252,515,191.59 | 2,031,993,233.02 |
| Total                                           | 3,252,515,191.59      | 2,031,993,233.02 | 3,252,515,191.59 | 2,031,993,233.02 |



## VII. Notes to items in the consolidated financial statements (Continued)

### 39. Taxes and surcharges

Unit: RMB

| Item                                   | Amount for<br>the period | Amount for<br>previous period |
|----------------------------------------|--------------------------|-------------------------------|
| Urban maintenance and construction tax | 6,949,166.60             | 3,070,328.77                  |
| Education surcharges                   | 5,087,073.73             | 2,208,192.09                  |
| Property tax                           | 4,548,545.82             | 2,395,639.78                  |
| Land use tax                           | 9,876,264.36             | 7,090,934.16                  |
| Vehicle and vessel usage tax           | 23,689.08                | 25,145.05                     |
| Stamp duty                             | 4,501,120.22             | 2,947,975.04                  |
| Other                                  | 47,681.33                | 71,310.51                     |
| Total                                  | 31,033,541.14            | 17,809,525.40                 |

### 40. Administrative expenses

Unit: RMB

| Item                                       | Amount for<br>the period | Amount for<br>previous period |
|--------------------------------------------|--------------------------|-------------------------------|
| Employee compensation                      | 122,130,488.20           | 100,449,188.33                |
| Consulting service fee                     | 9,753,618.64             | 7,197,412.92                  |
| Depreciation expenses                      | 9,345,351.54             | 2,998,900.78                  |
| Business entertainment expenses            | 6,623,474.17             | 6,454,195.37                  |
| Rent cost                                  | 5,398,713.96             | 4,531,149.03                  |
| Travel expenses                            | 5,515,741.70             | 2,922,429.79                  |
| Energy fee                                 | 3,130,147.07             | 1,197,358.47                  |
| Vehicle usage and repair costs             | 766,866.99               | 2,013,885.61                  |
| Cost of hiring intermediary agencies       | 4,239,230.57             | 3,299,444.48                  |
| Office expenses                            | 3,527,711.27             | 1,428,802.57                  |
| Amortization of intangible assets          | 5,416,963.56             | 3,720,626.45                  |
| Labor service fee and labor protection fee | 213,345.09               | 64,625.11                     |
| Sewage discharge fee                       | 714,816.73               | 313,700.46                    |
| Information disclosure and listing fees    | 3,638,253.90             | 14,229.07                     |
| Other                                      | 8,589,781.95             | 6,508,070.27                  |
| Total                                      | 189,004,505.34           | 143,114,018.71                |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 41. Selling expenses

Unit: RMB

| Item                               | Amount for<br>the period | Amount for<br>previous period |
|------------------------------------|--------------------------|-------------------------------|
| Employee compensation              | <b>26,977,883.91</b>     | 39,629,689.35                 |
| Consultation fee                   | <b>24,089,806.70</b>     | 12,789,125.42                 |
| Business entertainment expenses    | <b>2,334,564.12</b>      | 2,442,367.30                  |
| Travel and transportation expenses | <b>2,726,815.76</b>      | 1,925,192.74                  |
| Advertising and promotion expenses | <b>7,177,915.28</b>      | 2,882,493.86                  |
| Bid-winning service fee            | <b>126,571.00</b>        | 645,290.32                    |
| Other                              | <b>98,969.06</b>         | 4,102,219.22                  |
| Total                              | <b>63,532,525.83</b>     | 64,416,378.21                 |

### 42. Research and development expenses

Unit: RMB

| Item                                         | Amount for<br>the period | Amount for<br>previous period |
|----------------------------------------------|--------------------------|-------------------------------|
| Raw materials                                | <b>106,653,060.50</b>    | 54,850,763.81                 |
| Direct labor                                 | <b>24,552,978.88</b>     | 16,245,335.28                 |
| Depreciation and amortization                | <b>329,294.08</b>        | 369,469.08                    |
| Outsourced research and development expenses | <b>16,423,777.81</b>     | 3,655,408.18                  |
| Other                                        | <b>234,393.48</b>        | 1,237,684.71                  |
| Total                                        | <b>148,193,504.75</b>    | 76,358,661.06                 |

## VII. Notes to items in the consolidated financial statements (Continued)

### 43. Finance expense

Unit: RMB

| Item                      | Amount for<br>the period | Amount for<br>previous period |
|---------------------------|--------------------------|-------------------------------|
| Interest expense          | 12,948,503.92            | 10,935,074.28                 |
| Interest income           | -13,520,326.27           | -40,479,903.59                |
| Exchange gain or loss     | 89,952,306.33            | -129,816,173.85               |
| Service charge and others | 8,875,044.96             | 5,666,359.44                  |
| Total                     | 98,255,528.94            | -153,694,643.72               |

### 44. Other income

Unit: RMB

| Source of other income                              | Amount for<br>the period | Amount for<br>previous period |
|-----------------------------------------------------|--------------------------|-------------------------------|
| Government grants                                   | 3,800,392.68             | 2,348,315.94                  |
| Additional deduction of input tax                   | 4,174,602.05             | 3,082,761.77                  |
| Refund of handling charge for individual income tax | 341,375.62               | 261,253.99                    |
| Other                                               | 3,000.00                 | 5,200.00                      |
| Total                                               | 8,319,370.35             | 5,697,531.70                  |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 45. Gain from changes in fair value

Unit: RMB

| Source of gain from changes in fair value | Amount for<br>the period | Amount for<br>previous period |
|-------------------------------------------|--------------------------|-------------------------------|
| Financial assets held for trading         | 1,446,668.60             | 14,417.42                     |
| Total                                     | 1,446,668.60             | 14,417.42                     |

### 46. Investment income

Unit: RMB

| Item                                                                             | Amount for<br>the period | Amount for<br>previous period |
|----------------------------------------------------------------------------------|--------------------------|-------------------------------|
| Investment income of financial assets held for trading during the holding period | 5,015,204.13             | 633,674.27                    |
| Investment income obtained from disposal of financial assets held for trading    |                          | -22,311,996.76                |
| Interest income earned from debt investment during the holding period            | 154,098.38               | 63,508.42                     |
| Gain from debt restructuring                                                     | -217,350.82              |                               |
| Interest expense on bill discounting                                             | -614,080.66              | -794,828.40                   |
| Other                                                                            | 45,534.98                |                               |
| Total                                                                            | 4,383,406.01             | -22,409,642.47                |

### 47. Credit impairment loss

Unit: RMB

| Item                                     | Amount for<br>the period | Amount for<br>previous period |
|------------------------------------------|--------------------------|-------------------------------|
| Loss on bad debts of bills receivable    | 210,479.45               | 3,106,595.59                  |
| Loss on bad debts of accounts receivable | -6,412,155.24            | 8,580,466.65                  |
| Loss on bad debts of other receivables   | -141,034.28              | 611,820.15                    |
| Total                                    | -6,342,710.07            | 12,298,882.39                 |

## VII. Notes to items in the consolidated financial statements (Continued)

### 48. Asset impairment loss

Unit: RMB

| Item                               | Amount for<br>the period | Amount for<br>previous period |
|------------------------------------|--------------------------|-------------------------------|
| Impairment loss of contract assets | -1,543,505.31            | -13,972,387.81                |
| Total                              | -1,543,505.31            | -13,972,387.81                |

### 49. Gain on disposal of assets

Unit: RMB

| Source of gain on disposal of assets   | Amount for<br>the period | Amount for<br>previous period |
|----------------------------------------|--------------------------|-------------------------------|
| Gain on disposal of non-current assets | 6,993,765.17             | -1,932,868.19                 |

### 50. Non-operating income

Unit: RMB

| Item                                     | Amount for<br>the period | Amount for<br>previous period | Amount included<br>in non-recurring<br>gains or losses<br>for the period |
|------------------------------------------|--------------------------|-------------------------------|--------------------------------------------------------------------------|
| Income from fines and liquidated damages | 1,382,913.50             | 806,657.87                    | 1,382,913.50                                                             |
| Payables no longer required to be paid   |                          | 439,776.41                    |                                                                          |
| Other                                    | 655,751.30               | 1,029,045.38                  | 655,751.30                                                               |
| Total                                    | 2,038,664.80             | 2,275,479.66                  | 2,038,664.80                                                             |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 51. Non-operating expenses

Unit: RMB

| Item                                                          | Amount for<br>the period | Amount for<br>previous period | Amount included<br>in non-recurring<br>gains or losses<br>for the period |
|---------------------------------------------------------------|--------------------------|-------------------------------|--------------------------------------------------------------------------|
| External donation                                             | 5,420,902.98             | 200,000.00                    | 5,420,902.98                                                             |
| Losses on destruction and retirement of<br>non-current assets | 584,187.70               | 144,064.15                    | 584,187.70                                                               |
| Expenses on compensation, liquidated damages and<br>fines     | 1,482,647.96             | 2,491,697.62                  | 1,482,647.96                                                             |
| Other                                                         | 275,240.33               | 289,255.95                    | 275,240.33                                                               |
| Total                                                         | 7,762,978.97             | 3,125,017.72                  | 7,762,978.97                                                             |

### 52. Income tax expense

#### (1) Income tax expense statement

Unit: RMB

| Item                        | Amount for<br>the period | Amount for<br>previous period |
|-----------------------------|--------------------------|-------------------------------|
| Current income tax expense  | 131,729,664.13           | 107,195,280.66                |
| Deferred income tax expense | -34,261,632.90           | -22,528,915.08                |
| Total                       | 97,468,031.23            | 84,666,365.58                 |



## VII. Notes to items in the consolidated financial statements (Continued)

### 52. Income tax expense (Continued)

#### (2) Adjustment process of accounting profit and income tax expense

Unit: RMB

| Item                                                                                                                   | Amount for the period |
|------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Total Profit                                                                                                           | 698,035,033.15        |
| Income tax expense calculated at statutory/applicable tax rate                                                         | 174,508,758.29        |
| Impact of different tax rates applicable to subsidiaries                                                               | -116,035,625.49       |
| Adjustments of income tax of prior periods                                                                             | -1,869,825.60         |
| Impact of utilization of deductible losses of deferred income tax assets<br>unrecognised in previous period            | -98,490.19            |
| Impact of deductible temporary differences or deductible losses on deferred<br>tax assets not recognised in the period | 26,281,853.18         |
| Additional deduction for research and development expenses                                                             | -32,407.21            |
| Other                                                                                                                  | 14,713,768.25         |
| Income tax expense                                                                                                     | 97,468,031.23         |

### 53. Other comprehensive income

See note 35. for details

### 54. Items in cash flow statement

#### (1) Cash related to operating activities

Other cash received related to operating activities

Unit: RMB

| Item                               | Amount for the period | Amount for previous period |
|------------------------------------|-----------------------|----------------------------|
| Received current accounts          | 12,196,342.87         | 2,694,848.20               |
| Interest income                    | 13,520,326.27         | 40,498,778.12              |
| Earnest money and deposit received | 71,689,407.05         | 61,195,122.75              |
| Government grants received         | 2,500,000.00          | 4,000,000.00               |
| Restricted funds                   | 70,361,176.18         |                            |
| Other                              | 6,454,953.50          | 1,584,297.96               |
| Total                              | 176,722,205.87        | 109,973,047.03             |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 54. Items in cash flow statement (Continued)

#### (1) Cash related to operating activities (Continued)

Other cash paid related to operating activities

Unit: RMB

| Item                                           | Amount for<br>the period | Amount for<br>previous period |
|------------------------------------------------|--------------------------|-------------------------------|
| Payment of current accounts and other expenses | <b>81,494,177.25</b>     | 53,105,219.65                 |
| Various deposits paid                          | <b>73,456,238.22</b>     | 47,862,101.58                 |
| Various administrative expenses paid           | <b>48,496,220.08</b>     | 20,443,331.77                 |
| Various selling expenses paid                  | <b>26,306,585.65</b>     | 22,777,095.91                 |
| Restricted funds                               | <b>75,097,186.61</b>     |                               |
| Total                                          | <b>304,850,407.81</b>    | 144,187,748.91                |

## VII. Notes to items in the consolidated financial statements (Continued)

### 54. Items in cash flow statement (Continued)

#### (1) Cash related to financing activities (Continued)

Other cash paid related to financing activities

Unit: RMB

| Item                        | Amount for<br>the period | Amount for<br>previous period |
|-----------------------------|--------------------------|-------------------------------|
| Lease payments              | <b>7,157,319.59</b>      | 2,754,810.00                  |
| Expenses related to listing | <b>6,475,613.72</b>      |                               |
| Total                       | <b>13,632,933.31</b>     | 2,754,810.00                  |

Changes in various liabilities arising from financing activities

☒ Applicable ☐ Not applicable

Unit: RMB

| Item                                                       | Opening balance  | Increase in the period |                  | Decrease in the period |                  | Closing balance         |
|------------------------------------------------------------|------------------|------------------------|------------------|------------------------|------------------|-------------------------|
|                                                            |                  | Cash changes           | Non-cash changes | Cash changes           | Non-cash changes |                         |
| Short-term borrowings                                      | 289,451,958.53   |                        |                  | 285,317,539.32         |                  | <b>4,134,419.21</b>     |
| Long-term borrowings (including those due within one year) | 1,603,459,791.29 | 1,155,945,300.00       | 20,027,183.41    | 633,317,629.00         |                  | <b>2,146,114,645.70</b> |
| Lease liabilities (including those due within one year)    | 231,959,501.71   |                        | 37,163,451.87    | 7,157,319.59           | 91,753,677.30    | <b>170,211,956.69</b>   |
| Total                                                      | 2,124,871,251.53 | 1,155,945,300.00       | 57,190,635.28    | 925,792,487.91         | 91,753,677.30    | <b>2,320,461,021.60</b> |

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## VII. Notes to items in the consolidated financial statements (Continued)

### 55. Supplementary information to the cash flow statement

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

Unit: RMB

| Supplementary information                                                                                                 | Amount for<br>the period | Amount for<br>previous period |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------|-------------------------------|
| 1. Adjustment of net profit to cash flow from operating activities:                                                       |                          |                               |
| Net profit                                                                                                                | 600,567,001.92           | 546,515,412.75                |
| Plus: asset impairment provision                                                                                          | 7,886,215.38             | 1,673,505.42                  |
| Depreciation of fixed assets, depletion of oil and gas assets,<br>and depreciation of productive biological assets        | 105,200,961.27           | 74,311,317.08                 |
| Depreciation of right-of-use assets                                                                                       | 9,330,306.51             | 12,332,961.10                 |
| Amortization of intangible assets                                                                                         | 4,963,043.02             | 4,540,754.26                  |
| Amortization of long-term deferred expenses                                                                               | 206,992.44               | 95,854.50                     |
| Losses on disposal of fixed assets, intangible assets and<br>other long-term assets (gains are indicated with a "-" sign) | -6,993,765.17            | 1,932,868.19                  |
| Losses on retirement of fixed assets (gains are indicated<br>with a "-" sign)                                             | 584,187.70               |                               |
| Loss from changes in fair value (gains are indicated<br>with a "-" sign)                                                  | -1,446,668.60            |                               |
| Finance expense (income is indicated with a "-" sign)                                                                     | -102,900,810.25          | -104,533,718.79               |
| Investment losses (gains are indicated with a "-" sign)                                                                   | -4,383,406.01            | 22,409,642.47                 |
| Decrease in deferred tax assets (increase is indicated<br>with a "-" sign)                                                | -36,163,987.45           | -21,048,249.11                |
| Increase in deferred tax liabilities (decrease is indicated<br>with a "-" sign)                                           | -1,108,006.75            | -1,480,665.97                 |
| Decrease in inventories (increase is indicated with a "-" sign)                                                           | 199,951,753.85           | -288,220,248.93               |
| Decrease in operating receivables (increase is indicated<br>with a "-" sign)                                              | -72,078,399.05           | -250,613,951.13               |
| Increase in operating payables (decrease is indicated<br>with a "-" sign)                                                 | 829,072,638.83           | 240,058,696.70                |
| Other                                                                                                                     |                          |                               |
| Net cash flow from operating activities                                                                                   | 1,532,688,057.64         | 237,974,178.54                |
| 2. Major investment and financing activities not involving cash receipts<br>and payments:                                 |                          |                               |
| Debt converted into capital                                                                                               |                          |                               |
| Convertible corporate bonds due within one year                                                                           |                          |                               |
| Fixed assets under financing lease                                                                                        |                          |                               |
| 3. Net changes in cash and cash equivalents:                                                                              |                          |                               |
| Closing balance of cash                                                                                                   | 8,084,930,483.72         | 3,337,764,918.64              |
| Less: opening balance of cash                                                                                             | 2,855,773,829.35         | 2,836,453,597.42              |
| Plus: closing balance of cash equivalents                                                                                 |                          |                               |
| Less: opening balance of cash equivalents                                                                                 |                          |                               |
| Net increase in cash and cash equivalents                                                                                 | 5,229,156,654.37         | 501,311,321.22                |

## VII. Notes to items in the consolidated financial statements (Continued)

## 55. Supplementary information to the cash flow statement (Continued)

## (2) Composition of cash and cash equivalents

Unit: RMB

| Item                                              | Closing balance         | Opening balance  |
|---------------------------------------------------|-------------------------|------------------|
| I. Cash                                           | <b>8,084,930,483.72</b> | 2,855,773,829.35 |
| Including: Cash on hand                           | <b>73,461.96</b>        | 131,074.83       |
| Bank deposits available on demand                 | <b>8,084,857,021.76</b> | 2,855,642,754.52 |
| III. Closing balance of cash and cash equivalents | <b>8,084,930,483.72</b> | 2,855,773,829.35 |

## (3) Cash at bank and on hand not belonging to cash and cash equivalents

Unit: RMB

| Item                           | Amount for the period | Amount for previous period | Reasons for not being classified as cash and cash equivalents |
|--------------------------------|-----------------------|----------------------------|---------------------------------------------------------------|
| Other cash at bank and on hand | <b>97,572,494.41</b>  | 99,515,915.06              | Deposit and frozen funds                                      |
| Total                          | <b>97,572,494.41</b>  | 99,515,915.06              |                                                               |

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 56. Cash at bank and on hand in foreign currency

#### (1) Cash at bank and on hand in foreign currency

Unit: RMB

| Item                     | Closing balance<br>in foreign currency | Exchange rate<br>for conversion | Closing converted<br>RMB balance |
|--------------------------|----------------------------------------|---------------------------------|----------------------------------|
| Cash at bank and on hand |                                        |                                 | 4,060,671,208.77                 |
| Including: US Dollar     | 168,329,609.77                         | 6.8109                          | 1,146,476,139.18                 |
| Euro                     | 83,735,904.80                          | 7.7671                          | 650,385,146.17                   |
| Hong Kong Dollar         | 2,483,241,055.31                       | 0.8686                          | 2,156,943,180.64                 |
| Polish Zloty             | 58,942,866.95                          | 1.8121                          | 106,810,369.20                   |
| British Pound            | 5,838.59                               | 9.0145                          | 52,631.97                        |
| Japanese Yen             | 89,086.00                              | 0.0420                          | 3,741.61                         |
| Accounts receivable      |                                        |                                 | 349,341,743.82                   |
| Including: US Dollar     | 36,894,893.44                          | 6.8109                          | 251,287,429.73                   |
| Euro                     | 12,624,314.62                          | 7.7671                          | 98,054,314.09                    |
| Accounts payable         |                                        |                                 | 100,726,887.82                   |
| Including: US Dollar     | 8,262,196.05                           | 6.8109                          | 56,272,991.08                    |
| Euro                     | 1,394,491.07                           | 7.7671                          | 10,831,151.59                    |
| Hong Kong Dollar         | 1,531,760.00                           | 0.8686                          | 1,330,486.74                     |
| Polish Zloty             | 17,820,351.20                          | 1.8121                          | 32,292,258.41                    |
| Other receivables        |                                        |                                 | 14,645,843.20                    |
| Including: US Dollar     | 2,150,353.58                           | 6.8109                          | 14,645,843.20                    |
| Other current assets     |                                        |                                 | 24,342,750.72                    |
| Including: Euro          | 76,727.57                              | 7.7671                          | 595,950.71                       |
| Polish Zloty             | 13,104,574.81                          | 1.8121                          | 23,746,800.01                    |
| Long-term payables       |                                        |                                 | 34,467,282.96                    |
| Including: Euro          | 4,437,600.00                           | 7.7671                          | 34,467,282.96                    |



## VII. Notes to items in the consolidated financial statements (Continued)

### 56. Cash at bank and on hand in foreign currency (Continued)

- (2) Nature of currency inconvertibility and its financial impact, spot exchange rate adopted and its estimation process, as well as risks faced by the enterprise due to currency inconvertibility

☐ Applicable ☒ Not Applicable

- (3) Description of overseas operating entities, including for significant overseas operating entities, the disclosure of their main overseas operating locations, functional currency, and the basis for selection. If there is a change in the functional currency, the reasons for the change should also be disclosed.

☒ Applicable ☐ Not applicable

| Investee                               | Main foreign business location | Functional currency | Selection basis                                           |
|----------------------------------------|--------------------------------|---------------------|-----------------------------------------------------------|
| Dajin Global Shipping Limited          | Hong Kong, China               | US Dollar           | The primary currency for economic activities              |
| Dajin Heavy Industry Poland SP. Z O O. | Poland                         | Polish Zloty        | The primary currency prevailing at the operating location |

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

☐ Applicable ☒ Not Applicable

### 57. Lease

- (1) The Company as the lessee

☒ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ☒ Not Applicable

Lease expenses for simplified short-term leases or low-value assets

☒ Applicable ☐ Not applicable

The rental for simplified short-term leases or low-value assets in the period amounted to RMB6,396,648.94.

# FINANCIAL REPORT

## VII. Notes to items in the consolidated financial statements (Continued)

### 57. Lease (Continued)

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

Operating lease as the lessor

☒ Applicable   ☐ Not applicable

Unit: RMB

| Item                   | Rental income | Including: income related to variable lease payments not included in lease receipts |
|------------------------|---------------|-------------------------------------------------------------------------------------|
| Operating lease income | 595,214.07    | -                                                                                   |
| Total                  | 595,214.07    | -                                                                                   |

Financing lease as a lessor

☐ Applicable   ☒ Not Applicable

Undiscounted lease receipts for each year in the next five years

☐ Applicable   ☒ Not Applicable

#### (3) Confirmation of profit or loss of financing lease sales as a manufacturer or distributor

☐ Applicable   ☒ Not Applicable

## VIII. Research and development expenses

Unit: RMB

| Item                             | Amount for<br>the period | Amount for<br>previous period |
|----------------------------------|--------------------------|-------------------------------|
| Raw materials                    | <b>106,653,060.50</b>    | 54,850,763.81                 |
| Direct labor                     | <b>24,552,978.88</b>     | 16,245,335.28                 |
| Depreciation and amortization    | <b>329,294.08</b>        | 369,469.08                    |
| Outsourced R&D expenses          | <b>16,423,777.81</b>     | 3,655,408.18                  |
| Other                            | <b>234,393.48</b>        | 1,237,684.71                  |
| Total                            | <b>148,193,504.75</b>    | 76,358,661.06                 |
| Including: Expensed R&D expenses | <b>148,193,504.75</b>    | 76,358,661.06                 |

## IX. Changes in the scope of consolidation

## 1. Changes in combination scope due to other reasons

Explanation of changes in the combination scope caused by other reasons (such as establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related situations:

In the first half year of 2026, the Company established 7 new sub-subsidiaries and added 1 sub-subsidiary due to other reasons.

The specific situation is as follows:

Seven sub-subsidiaries were established in the period: Tangshan Dajin Haigong Marine Engineering Co., Ltd., Tianjin Jintai Shipping Leasing Co., Ltd., Tianjin Jinxiang Shipping Leasing Co., Ltd., Hainan Jinyin Engineering Logistics Co., Ltd., Dajin Marine Trading (HK) Limited., Dajin International Holdings Netherlands Co., Ltd., and Dajin Wind Power Co., Ltd.;

One additional sub-subsidiary due to other reasons in the period: Tangshan Caofeidian District Caoguang Energy Co., Ltd..

## X. Equity in other entities

### 1. Equity in subsidiaries

#### (1) Composition of company group

| Name of subsidiary                                                   | Registered capital | Location of main business      | Place of registration          | Nature of business                                                | Shareholding ratio |          | Acquisition method | Unit: RMB |
|----------------------------------------------------------------------|--------------------|--------------------------------|--------------------------------|-------------------------------------------------------------------|--------------------|----------|--------------------|-----------|
|                                                                      |                    |                                |                                |                                                                   | Directly           | Indirect |                    |           |
| Tangshan Dajin Ocean Engineering Equipment Manufacturing Co., Ltd.   | 450,000,000.00     | Tangshan, Hebei Province       | Tangshan, Hebei Province       | Special equipment manufacturing industry                          |                    | 100.00%  | Established        |           |
| Beijing Jinyin Capital Management Co., Ltd.                          | 200,000,000.00     | Beijing                        | Beijing                        | Business services                                                 | 100.00%            |          | Established        |           |
| Zhangwu Xiliujazi Electric Power New Energy Co., Ltd                 | 158,900,000.00     | Fuxin, Liaoning Province       | Fuxin, Liaoning Province       | Electricity and heat production and supply industry               |                    | 100.00%  | Established        |           |
| Zhangwu Jinyin Electric Power New Energy Co., Ltd.                   | 141,950,000.00     | Fuxin, Liaoning Province       | Fuxin, Liaoning Province       | Electricity and heat production and supply industry               |                    | 100.00%  | Established        |           |
| Penglai Dajin Offshore Heavy Industry Co., Ltd.                      | 130,000,000.00     | Penglai, Shandong Province     | Penglai, Shandong Province     | Special equipment manufacturing industry                          | 100.00%            |          | Established        |           |
| Zhangjiakou Dajin Wind Power Blade Co., Ltd.                         | 100,000,000.00     | Zhangjiakou, Hebei Province    | Zhangjiakou, Hebei Province    | Special equipment manufacturing industry                          | 100.00%            |          | Established        |           |
| Tangshan Jinyin New Energy Technology Co., Ltd.                      | 50,000,000.00      | Tangshan, Hebei Province       | Tangshan, Hebei Province       | Science and technology promotion and application service industry |                    | 100.00%  | Established        |           |
| Xing'an League Dajin Heavy Industry Co., Ltd.                        | 50,000,000.00      | Xing'an League, Inner Mongolia | Xing'an League, Inner Mongolia | Special equipment manufacturing industry                          | 100.00%            |          | Established        |           |
| Panjin Dajin Ocean Engineering Co., Ltd.                             | 50,000,000.00      | Panjin, Liaoning Province      | Panjin, Liaoning Province      | Special equipment manufacturing industry                          | 100.00%            |          | Established        |           |
| Yangjiang Dajin Wind Power Offshore Engineering Technology Co., Ltd. | 50,000,000.00      | Yangjiang, Guangdong Province  | Yangjiang, Guangdong Province  | Special equipment manufacturing industry                          | 100.00%            |          | Established        |           |

## X. Equity in other entities (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Composition of company group (Continued)

| Name of subsidiary                                | Registered capital | Location of main business   | Place of registration       | Nature of business                                                | Shareholding ratio |          | Acquisition method |
|---------------------------------------------------|--------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------|--------------------|----------|--------------------|
|                                                   |                    |                             |                             |                                                                   | Directly           | Indirect |                    |
| Tangshan Dajin Logistics Co., Ltd.                | 50,000,000.00      | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Transportation agency industry                                    | 100.00%            |          | Established        |
| Zhangjiakou Dajin Wind Power Equipment Co., Ltd.  | 50,000,000.00      | Zhangjiakou, Hebei Province | Zhangjiakou, Hebei Province | Special equipment manufacturing industry                          | 100.00%            |          | Established        |
| Tangshan Jinduo New Energy Technology Co., Ltd.   | 50,000,000.00      | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry | 100.00%            |          | Established        |
| Ningbo Jinyin Heavy Industry Technology Co., Ltd. | 50,000,000.00      | Ningbo, Zhejiang Province   | Ningbo, Zhejiang Province   | Special equipment manufacturing industry                          | 100.00%            |          | Established        |
| Dajin (Tianjin) Shipping Co., Ltd.                | 20,000,000.00      | Tianjin                     | Tianjin                     | Waterway transport                                                | 100.00%            |          | Established        |
| Tianjin                                           | 20,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Established        |
| Jintan Shipping Leasing Co., Ltd.                 | 20,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Established        |
| Tianjin Jinhang Shipping Leasing Co., Ltd.        | 20,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Established        |
| Tianjin Jinda Ship Leasing Co., Ltd.              | 15,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Established        |
| Tianjin Jinhang Ship Leasing Co., Ltd.            | 20,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Newly established  |
| Tianjin Jinxiang Ship Lease Co., Ltd.             | 20,000,000.00      | Tianjin                     | Tianjin                     | Leasing industry                                                  | 100.00%            |          | Newly established  |
| Zhangjiakou Jinbo New Energy Co., Ltd.            | 10,000,000.00      | Zhangjiakou, Hebei Province | Zhangjiakou, Hebei Province | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Jinjing New Energy Technology Co., Ltd.  | 10,000,000.00      | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry | 100.00%            |          | Established        |

## X. Equity in other entities (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Composition of company group (Continued)

| Name of subsidiary                                  | Registered capital | Location of main business   | Place of registration       | Nature of business                                                | Shareholding ratio |          | Acquisition method |
|-----------------------------------------------------|--------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------|--------------------|----------|--------------------|
|                                                     |                    |                             |                             |                                                                   | Directly           | Indirect |                    |
| Zhangjiakou Jinmian New Energy Technology Co., Ltd. | 10,000,000.00      | Zhangjiakou, Hebei Province | Zhangjiakou, Hebei Province | Science and technology promotion and application service industry |                    | 100.00%  | Established        |
| Tangshan Jinyong New Energy Technology Co., Ltd.    | 10,000,000.00      | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry |                    | 100.00%  | Established        |
| Tangshan Caofeidian Xianghong Energy Co., Ltd.      | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               |                    | 100.00%  | Established        |
| Jinyin (Shanghai) Shipping Co., Ltd.                | 5,000,000.00       | Shanghai                    | Shanghai                    | Waterway transport                                                | 100.00%            |          | Newly established  |
| Tianjin Jinyin Heavy Industry Co., Ltd.             | 5,000,000.00       | Tianjin                     | Tianjin                     | Special equipment manufacturing industry                          | 100.00%            |          | Established        |
| Tangshan Chengshuo New Energy Technology Co., Ltd.  | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry |                    | 100.00%  | Established        |
| Wenshui County Jinyin New Energy Co., Ltd.          | 5,000,000.00       | Luliang, Shanxi Province    | Luliang, Shanxi Province    | Electricity and heat production and supply industry               |                    | 100.00%  | Established        |
| Tangshan Chengji New Energy Technology Co., Ltd.    | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry |                    | 100.00%  | Established        |



## X. Equity in other entities (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Composition of company group (Continued)

| Name of subsidiary                                      | Registered capital | Location of main business   | Place of registration       | Nature of business                                                | Shareholding ratio |          | Acquisition method |
|---------------------------------------------------------|--------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------|--------------------|----------|--------------------|
|                                                         |                    |                             |                             |                                                                   | Directly           | Indirect |                    |
| Beijing Jinyu New Energy Technology Co., Ltd.           | 5,000,000.00       | Beijing                     | Beijing                     | Science and technology promotion and application service industry | 100.00%            |          | Established        |
| Tangshan Chengche New Energy Technology Co., Ltd.       | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry | 100.00%            |          | Established        |
| Tangshan Chengxu New Energy Technology Co., Ltd.        | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry | 100.00%            |          | Established        |
| Shangyi Jinshuo New Energy Co., Ltd.                    | 5,000,000.00       | Zhangjiakou, Hebei Province | Zhangjiakou, Hebei Province | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Caofeidian Xiangdi Energy Co., Ltd.            | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Caofeidian District Jinzai Energy Co., Ltd.    | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Caofeidian District Jinrui Energy Co., Ltd.    | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Caofeidian District Xiangling Energy Co., Ltd. | 5,000,000.00       | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |

## X. Equity in other entities (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Composition of company group (Continued)

| Name of subsidiary                                    | Registered capital      | Location of main business   | Place of registration       | Nature of business                                                | Shareholding ratio |          | Acquisition method |
|-------------------------------------------------------|-------------------------|-----------------------------|-----------------------------|-------------------------------------------------------------------|--------------------|----------|--------------------|
|                                                       |                         |                             |                             |                                                                   | Directly           | Indirect |                    |
| Tangshan Fengnan Yingjing New Energy Co., Ltd.        | 200,000,000.00          | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Science and technology promotion and application service industry | 100.00%            |          | Established        |
| Tangshan Caofeidian District Jinhong Energy Co., Ltd. | 5,000,000.00            | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Tangshan Caofeidian District Jinqi Energy Co., Ltd.   | 5,000,000.00            | Tangshan, Hebei Province    | Tangshan, Hebei Province    | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Shangyi County Jinyi Energy Co., Ltd.                 | 5,000,000.00            | Zhangjiakou, Hebei Province | Zhangjiakou, Hebei Province | Electricity and heat production and supply industry               | 100.00%            |          | Established        |
| Dajin New Energy Heavy Equipment (Rushan) Co., Ltd.   | 1,000,000.00            | Weihai, Shandong Province   | Weihai, Shandong Province   | Special equipment manufacturing industry                          | 100.00%            |          | Established        |
| Datong Dajin Wind Power Equipment Co., Ltd.           | 1,000,000.00            | Datong, Shanxi Province     | Datong, Shanxi Province     | Special equipment manufacturing industry                          | 100.00%            |          | Established        |
| Dajin Heavy Industry Hong Kong Limited                | USD1,000,000.00         | Hong Kong, China            | Hong Kong, China            | Trade and Consulting                                              | 100.00%            |          | Established        |
| Dajin Heavy Industry Europe GmbH                      | EUR750,000.00           | Germany                     | Germany                     | Sales of specialized equipment                                    | 100.00%            |          | Established        |
| Dajin Heavy Industry Poland SP. Z O O.                | Polish Zloty 220,000.00 | Poland                      | Poland                      | Sales of specialized equipment                                    | 100.00%            |          | Established        |
| Dajin Offshore Wind Holdings (HK) Limited             | USD1.00                 | Hong Kong, China            | Hong Kong, China            | Holding platform company                                          | 100.00%            |          | Established        |
| Dajin Global Shipping Limited                         | USD 5,000,000.00        | Hong Kong, China            | Hong Kong, China            | International maritime cargo transportation and agency services   | 100.00%            |          | Established        |

## X. Equity in other entities (Continued)

### 1. Equity in subsidiaries (Continued)

#### (1) Composition of company group (Continued)

| Name of subsidiary                                     | Registered capital | Location of main business                                           | Place of registration                                               | Nature of business                                     | Shareholding ratio |          | Acquisition method |
|--------------------------------------------------------|--------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------|--------------------|----------|--------------------|
|                                                        |                    |                                                                     |                                                                     |                                                        | Directly           | Indirect |                    |
| Dajin International Holdings (HK) Limited              | USD 1.00           | Hong Kong, China                                                    | Hong Kong, China                                                    | Holding platform company                               | 100.00%            |          | Established        |
| Dajin Shipping Holdings (HK) Limited                   | USD 1.00           | Hong Kong, China                                                    | Hong Kong, China                                                    | Holding platform company                               | 100.00%            |          | Established        |
| Dajin Union Shipping Limited                           | USD 1.00           | British Virgin Islands                                              | British Virgin Islands                                              | Holding platform company                               | 100.00%            |          | Established        |
| Tangshan Caofeidian District Caoguang Energy Co., Ltd. | 450,000,000.00     | Tangshan, Hebei Province                                            | Tangshan, Hebei Province                                            | Electricity, heat, gas and water production and supply | 100.00%            |          | Established        |
| Tangshan Dajin Haigong Marine Engineering Co., Ltd.    | 100,000,000.00     | Shijiazhuang, Hebei Province                                        | Shijiazhuang, Hebei Province                                        | Scientific research and technology services            | 100.00%            |          | Newly established  |
| Tianjin Jintai Shipping Leasing Co., Ltd.              | 20,000,000.00      | Tianjin                                                             | Tianjin                                                             | Leasing and business services                          | 100.00%            |          | Newly established  |
| Tianjin Jinxiang Shipping Leasing Co., Ltd.            | 20,000,000.00      | Tianjin                                                             | Tianjin                                                             | Leasing and business services                          | 100.00%            |          | Newly established  |
| Hainan Jinyin Engineering Logistics Co., Ltd.          | 5,000,000.00       | County-level administrative division directly under Hainan Province | County-level administrative division directly under Hainan Province | Transportation, storage and postal services            | 100.00%            |          | Newly established  |
| Dajin Marine Trading (HK) Limited                      | USD1,000,000.00    | Hong Kong, China                                                    | Hong Kong, China                                                    | Ship trade                                             | 100.00%            |          | Newly established  |
| Daikin International Holdings Netherlands B.V.         | USD50,000.00       | Netherlands                                                         | Netherlands                                                         | Holding platform company                               | 100.00%            |          | Newly established  |
| Dajin Wind Power Co., Ltd.                             | KRW200,000,000.00  | South Korea                                                         | South Korea                                                         | Trade                                                  | 100.00%            |          | Newly established  |

# FINANCIAL REPORT

## XI. Government grants

### 1. Government grants recognised based on the receivable at end of the reporting period

☐ Applicable ☒ Not Applicable

Reasons for failing to receive government grants of the expected amount at the expected time

☐ Applicable ☒ Not Applicable

### 2. Liability items involving government grants

☒ Applicable ☐ Not applicable

Unit: RMB

| Accounting subject | Opening balance | New grant amount for the period | Amount recorded in non-operating income in the period | Amount transferred to other income in the period | Other changes in the period | Closing balance | Related to assets/earnings |
|--------------------|-----------------|---------------------------------|-------------------------------------------------------|--------------------------------------------------|-----------------------------|-----------------|----------------------------|
| Deferred income    | 205,771,157.65  |                                 |                                                       | 3,265,420.80                                     |                             | 202,505,736.85  | Related to assets          |

### 3. Government grants included in profit or loss

☒ Applicable ☐ Not applicable

Unit: RMB

| Accounting subject | Amount for the period | Amount for previous period |
|--------------------|-----------------------|----------------------------|
| Other income       | 3,800,392.68          | 2,348,315.94               |

## XII. Risks related to financial instruments

### 1. Various risks arising from financial instruments

#### 1. Credit risk

Credit risk refers to the risk that transaction counterparty fails to perform its obligations under the contract and causes financial losses to the Company.

The credit risk of the Company mainly arises from cash at bank and on hand, bills receivables, accounts receivable, financing receivables, contract assets, other receivables, debt investment, other debt investments, and financial guarantee contracts, as well as debt instrument investments and derivative financial assets that are measured at fair value through profit or loss but not included in the scope of impairment assessment.

The Company's cash at bank and on hand is mainly cash at bank deposited at state-owned banks and other large and medium-sized listed banks with good reputation and a higher credit rating. The Company considers that there is no significant credit risk and will rarely cause significant losses due to default by the banks.

In addition, the Company develops relevant policies to limit the credit risk exposure on bills receivable, trade receivables, receivables financing, contract assets and other receivables, etc. The Company assesses the credit quality of and sets respective credit periods on its customers by considering their financial position, the availability of guarantee from third parties, their credit record and other factors such as current market conditions. The Company regularly monitors the credit record of the customers. For customers with a poor credit history, the Company will issue written demand to them, or shorten or cancel the credit periods, so as to ensure the overall credit risk of the Company is limited to a controllable extent.

#### 2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations settled with cash or other financial assets delivery.

The Company's policy is to ensure it has sufficient cash to settle the debts when they fall due. The Company's finance department conducts centralized control over liquidity risk. Through monitoring cash balance, readily realizable marketable securities and the rolling forecasts for cash flow for the next 12 months, the finance department will ensure it has sufficient fund to settle its debts under all reasonably foreseeable circumstances. Meanwhile, it continued to monitor whether the Company is in line with the requirements of borrowing agreements, and obtain the undertakings to provide sufficient reserve funds from major financial institutions, so as to meet its short-term and long-term capital needs.

# FINANCIAL REPORT

## XII. Risks related to financial instruments (Continued)

### 1. Various risks arising from financial instruments (Continued)

#### 2. Liquidity risk (Continued)

The Company's financial liabilities based on undiscounted contractual cash flows by maturity date are presented as follows:

| Item                                                       | Closing balance     |                |                |                |                   | Total undiscounted contract amount | Carrying amount  |
|------------------------------------------------------------|---------------------|----------------|----------------|----------------|-------------------|------------------------------------|------------------|
|                                                            | Immediate repayment | Within 1 year  | 1 to 2 years   | 2 to 5 years   | More than 5 years |                                    |                  |
| Short-term borrowings                                      |                     | 4,134,419.21   |                |                |                   | 4,134,419.21                       | 4,134,419.21     |
| Bills payables                                             | 1,069,022,838.32    |                |                |                |                   | 1,069,022,838.32                   | 1,069,022,838.32 |
| Accounts payable                                           | 1,142,375,801.61    |                |                |                |                   | 1,142,375,801.61                   | 1,142,375,801.61 |
| Other payables                                             | 68,713,557.73       |                |                |                |                   | 68,713,557.73                      | 68,713,557.73    |
| Long-term borrowings (including those due within one year) |                     | 163,015,539.84 | 198,675,490.38 | 663,168,070.64 | 1,121,255,544.84  | 2,146,114,645.70                   | 2,146,114,645.70 |
| Lease liabilities (including those due within one year)    |                     | 7,221,469.81   | 5,762,529.41   | 19,446,130.52  | 137,781,826.95    | 170,211,956.69                     | 170,211,956.69   |
| Long-term payables (including those due within one year)   |                     |                |                | 34,467,282.96  | 108,681,305.37    | 143,148,588.33                     | 143,148,588.33   |
| Total                                                      | 2,280,112,197.66    | 174,371,428.86 | 204,438,019.79 | 717,081,484.12 | 1,367,718,677.16  | 4,743,721,807.59                   | 4,743,721,807.59 |

| Item                                                       | Closing balance of previous year |                |                |                |                   | Total undiscounted contract amount | Carrying amount  |
|------------------------------------------------------------|----------------------------------|----------------|----------------|----------------|-------------------|------------------------------------|------------------|
|                                                            | Immediate repayment              | Within 1 year  | 1 to 2 years   | 2 to 5 years   | More than 5 years |                                    |                  |
| Short-term borrowings                                      |                                  | 289,451,958.53 |                |                |                   | 289,451,958.53                     | 289,451,958.53   |
| Bills payables                                             | 1,039,516,389.22                 |                |                |                |                   | 1,039,516,389.22                   | 1,039,516,389.22 |
| Accounts payable                                           | 822,519,677.49                   |                |                |                |                   | 822,519,677.49                     | 822,519,677.49   |
| Other payables                                             | 58,424,444.55                    |                |                |                |                   | 58,424,444.55                      | 58,424,444.55    |
| Long-term borrowings (including those due within one year) |                                  | 321,326,729.67 | 176,218,721.54 | 545,471,635.22 | 735,521,896.71    | 1,778,538,983.14                   | 1,603,459,791.29 |
| Lease liabilities (including those due within one year)    |                                  | 37,570,503.17  | 6,953,878.17   | 35,104,003.17  | 239,034,358.34    | 318,662,742.85                     | 231,959,501.71   |
| Long-term payables (including those due within one year)   |                                  |                |                | 36,545,854.80  | 108,681,305.37    | 145,227,160.17                     | 145,227,160.17   |
| Total                                                      | 1,920,460,511.26                 | 648,349,191.37 | 183,172,599.71 | 617,121,493.19 | 1,083,237,560.42  | 4,452,341,355.95                   | 4,190,558,922.96 |

## XII. Risks related to financial instruments (Continued)

### 1. Various risks arising from financial instruments (Continued)

#### 3. Market risk

Market risk of financial instruments is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price. Market risk includes interest rate risk, exchange rate risk and other price risk.

##### (1) Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market interest rate.

Interest-bearing financial instruments at fixed rates and at floating rates expose the Company to fair value interest risk and cash flow interest rate risk, respectively. The Company determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate instruments. The Company will adopt interest rate swap instruments to hedge interest rate risk when necessary.

##### (2) Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates.

The exchange rate risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars, Euro, Polish Zloty and etc... The amount of the financial assets and financial liabilities in foreign currencies converted into RMB is as follows:

| Item                     | Closing balance  |                |                |                  |                          |                  | Closing balance of previous year |                |                |            |                          |                  |
|--------------------------|------------------|----------------|----------------|------------------|--------------------------|------------------|----------------------------------|----------------|----------------|------------|--------------------------|------------------|
|                          | US dollars       | Euro           | Polish Zloty   | HK dollars       | Other foreign currencies | Total            | US dollars                       | Euro           | Polish Zloty   | HK dollars | Other foreign currencies | Total            |
| Cash at bank and on hand | 1,146,476,139.18 | 650,385,146.17 | 106,810,369.20 | 2,156,943,180.64 | 56,373.58                | 4,060,671,208.77 | 36,429,720.04                    | 727,682,907.68 | 7,787,539.92   | 2,290.52   | 60,542.29                | 771,963,000.45   |
| Accounts receivable      | 251,287,429.73   | 98,054,314.09  |                |                  |                          | 349,341,743.82   | 142,988,959.70                   | 160,719,612.42 |                |            |                          | 303,708,572.12   |
| Other receivables        | 14,645,843.20    |                |                |                  |                          | 14,645,843.20    | 686,145.41                       |                |                |            |                          | 686,145.41       |
| Other current assets     |                  | 595,950.71     | 23,746,800.01  |                  |                          | 24,342,750.72    |                                  |                | 101,401,410.27 |            |                          | 101,401,410.27   |
| Accounts payable         | 56,272,991.08    | 10,831,151.59  | 32,292,258.41  | 1,330,486.74     |                          | 100,726,887.82   | 517,319.68                       | 32,073,409.80  | 31,365,679.16  |            |                          | 63,956,408.64    |
| Long-term payables       |                  | 34,467,282.96  |                |                  |                          | 34,467,282.96    |                                  | 36,545,854.80  |                |            |                          | 36,545,854.80    |
| Total                    | 1,468,682,403.19 | 794,333,845.52 | 162,849,427.62 | 2,158,273,667.38 | 56,373.58                | 4,584,195,717.29 | 180,622,144.83                   | 957,021,784.70 | 140,554,629.35 | 2,290.52   | 60,542.29                | 1,278,261,391.69 |

##### (3) Other price risks

Other price risk is the risk of fluctuation in the fair value of financial instruments or future cash flow arising from changes in market price other than exchange rate risk and interest rate risk.



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## XII. Risks related to financial instruments (Continued)

### 2. Hedge

#### (1) The Company conducts hedging business for risk management

☒ Applicable ☐ Not applicable

| Item                              | Corresponding risk management strategies and objectives | Qualitative and quantitative information of hedged risks                          | Economic relationship between hedged item and related hedging instrument                                                                                                                                                                     | Effective achievement of expected risk management objectives                                                 | Impact of corresponding hedging activities on risk exposure |
|-----------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Forward foreign exchange contract | Principle of exchange rate risk neutrality              | Lock in the settlement exchange rate for a specific amount due on a specific date | There exists an economic relationship between hedged item and hedging instrument. This economic relationship causes the values of hedging instrument and hedged item to move in opposite directions due to exposure to the same hedged risk. | Lock in the exchange rate for project collections in advance to avoid the risk of exchange rate fluctuations | Reduce exposure to exchange rate risk                       |

Other explanations

Our subsidiary adheres to the principle of locking in exchange rate risks when conducting foreign exchange hedging business. This is aimed at effectively mitigating the impact of exchange rate fluctuations on the Company's operations. We do not engage in foreign exchange hedging business solely for profit.

#### (2) The Company conducts eligible hedging activities and applies hedge accounting

Unit: RMB

| Item                  | Book value related to hedged item and hedging instrument | Cumulative fair value hedging adjustment of hedged item included in the carrying amount of the recognised hedged item | Hedging effectiveness and sources of ineffective hedging   | Impact of hedge accounting on the Company's financial statements                                                |
|-----------------------|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Hedging risk type     |                                                          |                                                                                                                       |                                                            |                                                                                                                 |
| Foreign exchange risk | 11,929,880.00                                            | 11,929,880.00                                                                                                         | The correlation between hedged item and hedging instrument | Fair value changes affected financial assets held for trading and other current liabilities by RMB11,929,880.00 |
| Hedging category      |                                                          |                                                                                                                       |                                                            |                                                                                                                 |
| Fair value hedging    | 11,929,880.00                                            | 11,929,880.00                                                                                                         | The correlation between hedged item and hedging instrument | Fair value changes affected financial assets held for trading and other current liabilities by RMB11,929,880.00 |

## XII. Risks related to financial instruments (Continued)

### 2. Hedge (Continued)

- (3) The Company engages in hedging activities for risk management, anticipating that it can achieve its risk management objectives, but does not apply hedge accounting

☐ Applicable ☒ Not Applicable

### 3. Financial assets

#### (1) Classification of transfer methods

☒ Applicable ☐ Not applicable

Unit: RMB

| Transfer method  | Nature of transferred financial assets | Amount of transferred financial assets | Termination of recognition | Basis for determining derecognition                    |
|------------------|----------------------------------------|----------------------------------------|----------------------------|--------------------------------------------------------|
| Bill discounting | Receivables financing                  | 81,663,866.85                          | Termination of recognition | It has transferred almost all of its risks and rewards |
| Bill endorsement | Receivables financing                  | 382,467,047.80                         | Termination of recognition | It has transferred almost all of its risks and rewards |
| Total            |                                        | 464,130,914.65                         |                            |                                                        |

#### (2) Financial assets derecognised due to transfer

☒ Applicable ☐ Not applicable

Unit: RMB

| Item                  | Ways of transfer of financial assets | Amount of financial assets derecognised | Gains or losses related to derecognition |
|-----------------------|--------------------------------------|-----------------------------------------|------------------------------------------|
| Receivables financing | Bill discounting                     | 81,663,866.85                           | 614,080.66                               |
| Receivables financing | Bill endorsement                     | 382,467,047.80                          |                                          |
| Total                 |                                      | 464,130,914.65                          | 614,080.66                               |

#### (3) Financial assets transferred with continuous involvement

☐ Applicable ☒ Not Applicable

# FINANCIAL REPORT

## XIII. Disclosure of fair value

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

Unit: RMB

| Item                                                     | Closing fair value             |                                |                                | Total          |
|----------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------|
|                                                          | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement |                |
| I. Continuous fair value measurement                     | —                              | —                              | —                              | —              |
| (I) Financial assets held for trading                    |                                | 709,654,801.79                 |                                | 709,654,801.79 |
| 1. Financial assets at fair value through profit or loss |                                | 709,654,801.79                 |                                | 709,654,801.79 |
| (II) Receivables financing                               |                                |                                | 225,074,066.77                 | 225,074,066.77 |
| Total assets continuously measured at fair value         |                                | 709,654,801.79                 | 225,074,066.77                 | 934,728,868.56 |
| II. Non-ongoing fair value measurement                   | —                              | —                              | —                              | —              |

### 2. Basis for determination of the market price of items measured at Level 1 fair value, both on an ongoing and non-ongoing basis

The Level 1 input value refers to the unadjusted quoted price of the same asset or liability obtainable in the active market on the measurement date.

### 3. For items measured at Level 2 fair value, both on an ongoing and non-ongoing basis, the valuation techniques employed, as well as the qualitative and quantitative information regarding key parameters

The Level 2 input value refers to the directly or indirectly observable input values of the relevant assets or liabilities, excluding those of Level 1.

### 4. For items measured at Level 3 fair value, both on an ongoing and non-ongoing basis, the valuation techniques employed, as well as qualitative and quantitative information regarding key parameters

The Level 3 input value refers to the unobservable input values of the relevant assets or liabilities.

## XIV. Related parties and related party transactions

### 1. Information about the parent company of the Company

| <u>Name of parent company</u>              | <u>Place of registration</u> | <u>Nature of business</u> | <u>Registered capital</u> | <u>Shareholding ratio of parent company in the Company</u> | <u>Proportion of voting right of parent company in the Company</u> |
|--------------------------------------------|------------------------------|---------------------------|---------------------------|------------------------------------------------------------|--------------------------------------------------------------------|
| Beijing Jinyin Energy Consulting Co., Ltd. | Beijing                      | Business services         | RMB 27.1 million          | 33.66%                                                     | 33.66%                                                             |

Explanation of the parent company's situation of the Company

The ultimate controlling party of the Company is JIN Xin.

### 2. Subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to note X.

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## XIV. Related parties and related party transactions (Continued)

### 3. Information about other related parties

| Name of other related parties                                                                   | Relationship between other related parties and the Company                                                            |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Beijing Hengcheng Zhiyuan Enterprise Consulting Group Co., Ltd.                                 | CAI Meng, an independent director of the Company, serves as the chairman of the company                               |
| Tianjin Hengcheng Zhiyuan Enterprise Management Consulting Co., Ltd.                            | CAI Meng, an independent director of the Company, serves as the executive director and general manager of the company |
| Beijing Hengcheng Peibao Consulting Services Co., Ltd.                                          | CAI Meng, an independent director of the Company, serves as an executive director of the company                      |
| Xinjiang Hejun Hengcheng Enterprise Consulting Co., Ltd.                                        | CAI Meng, an independent director of the Company, serves as the executive director and general manager of the company |
| Ganzhou Jinchang Information Technology Center (Limited Partnership)                            | CAI Meng, an independent director of the Company, serves as the managing partner of the company                       |
| Xinjiang Xiaozhongda Information Technology Center Partnership Enterprise (Limited Partnership) | CAI Meng, an independent director of the Company, serves as the managing partner of the company                       |
| Ganzhou Zhizhuo Information Technology Center (Limited Partnership)                             | CAI Meng, an independent director of the Company, serves as the managing partner of the company                       |
| Ganzhou Yuanhou Information Technology Center (Limited Partnership)                             | CAI Meng, an independent director of the Company, serves as the managing partner of the company                       |
| Ganzhou Yaohou Information Technology Center (Limited Partnership)                              | CAI Meng, an independent director of the Company, holds 97.89% of the company's equity                                |
| Shanghai Yunqi Jiayuan Culture Co., Ltd.                                                        | QU Guangjie, an independent director of the Company, holds 50% of the company's equity                                |
| Dalian Dajin Zhuoyuan Heavy Industry Co., Ltd.                                                  | Mr. SUN Xiaole, the Company's director and general manager, serves as the chairman of the company                     |

### 4. Related party transactions

Apart from key management personnel compensation, the Company had no significant related party transactions during the reporting period.

#### (1) Remuneration of key management personnel

Unit: RMB

| Item                                     | Amount for the period | Amount for previous period |
|------------------------------------------|-----------------------|----------------------------|
| Remuneration of key management personnel | 5,533,059.71          | 4,989,300.92               |

### 5. Accounts receivable and accounts payable of related parties

The Company had no outstanding balances with related parties as at the end of the reporting period.

**XV. Share-based payment****1. Overall situation of share-based payment**

☐ Applicable ☒ Not Applicable

**2. Equity-settled share-based payment**

☐ Applicable ☒ Not applicable

**3. Share-based payment settled in cash**

☐ Applicable ☒ Not Applicable

**4. Share-based payment expenses in the period**

☐ Applicable ☒ Not Applicable

## XVI. Commitments and Contingencies

### 1. Material commitments

Significant commitments existing on the balance sheet date

The Company has no significant commitments that need to be disclosed.

### 2. Contingencies

#### (1) Significant contingencies existing on the balance sheet date

1. As of June 30, 2026, the total outstanding letter of guarantee of contract performance issued by the Company and its subsidiaries, namely Penglai Dajin, Xing'an League and Zhangjiakou Dajin, amounted to RMB4,543.7 million, which includes RMB letter of guarantee of RMB362.2 million, USD letter of guarantee of USD304.1 million and EUR letter of guarantee of EUR271.7 million.
2. As of June 30, 2026, the outstanding amount of unexpired letter of credit from abroad for our subsidiary Panjin Dajin Ocean Engineering Co., Ltd. (hereinafter referred to as "Panjin Dajin"), stood at RMB8.1 million; while for Penglai Dajin, the outstanding amount of unexpired letter of credit from abroad was RMB7.1 million.
3. In the first half year of 2026, our sub-subsidiary Zhangwu Xiliujiazi had a construction contract dispute with China Gezhouba Group Electric Power Co., Ltd. (hereinafter referred to as "Gezhouba Electric Power"). The total amount of outstanding project payments and changed claim amounts claimed by Gezhouba Electric Power is approximately RMB573 million. The relevant asset preservation measures have been lifted, and the parent company issued a letter of guarantee for a total amount of RMB572.6 million to apply for the release of the corresponding property preservation. In addition to actively resolving the aforementioned dispute, in order to safeguard the Company's legitimate rights and interests, our subsidiary has filed a separate lawsuit with the Fuxin Intermediate People's Court of Liaoning Province, requesting Gezhouba Electric Power to compensate the Company for economic losses of approximately RMB129 million and related litigation costs. The aforementioned case is currently under trial.
4. In the first half year of 2026, our subsidiary Panjin Dajin was involved in a lawsuit with Panjin Xincheng Construction and Installation Co., Ltd., resulting in a frozen amount of RMB1.6 million. Currently, the case is under trial.
5. In the first half year of 2026, our subsidiary Penglai Dajin was involved in a lawsuit with Penglai Shunxiang Port Engineering Construction Co., Ltd., resulting in a frozen amount of RMB987,000. The case is currently under trial.

#### (2) Even if the Company has no significant contingencies that need to be disclosed, it should still provide an explanation

The Company has no significant contingent matters that require disclosure.



## XVII. Events after the balance sheet date

### 1. Significant non-adjusting events

Unit: RMB

| Item                         | Content                                                                                                                                                                                                                                                                                                                                  | Impact on financial position and operating results                                                                               |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Issuance of stocks and bonds | On July 7, 2026, 2,325,900 H Shares, issued by the Joint Sponsors-Overall Coordinators (for themselves and on behalf of the International Underwriters) through the partial exercise of the Over-allotment Option, were listed and traded on the Main Board of the Hong Kong Stock Exchange, with an issue price of HK\$66.40 per share. | After the completion of the issuance, the Company's total share capital increased from 737,759,949 shares to 740,085,849 shares. |

### 2. Profit distribution

|                                                                |                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dividend per 10 shares proposed (RMB)                          | 0.88                                                                                                                                                                                                                                                                                                                                                        |
| Dividend per 10 shares declared upon review and approval (RMB) | 0.88                                                                                                                                                                                                                                                                                                                                                        |
| Profit distribution plan                                       | Based on the total share capital of 740,085,849 shares as of the disclosure date of this report, a cash dividend of RMB0.88 per 10 shares (tax inclusive) will be distributed to all shareholders, totaling RMB65,127,554.71 in cash dividends (tax inclusive). There will be no bonus share distribution or capital reserve conversion into share capital. |

## XVIII. Other material matters

As at 30 June 2026, there are no other significant matters that require disclosure by the Company.

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## XIX. Notes to the main items of the parent company's financial statements

### 1. Accounts receivable

#### (1) Disclosure by aging

Unit: RMB

| Aging                                  | Closing<br>book balance | Opening<br>book balance |
|----------------------------------------|-------------------------|-------------------------|
| Within 1 year (inclusive)              | <b>256,777,774.44</b>   | 156,494,258.16          |
| Including: Within 6 months (inclusive) | <b>244,937,839.24</b>   | 127,753,407.00          |
| 6 months to 1 year (inclusive)         | <b>11,839,935.20</b>    | 28,740,851.16           |
| 1 to 2 years                           | <b>11,634,092.50</b>    | 9,929,203.68            |
| 2 to 3 years                           | <b>17,820,840.77</b>    | 46,808,342.94           |
| More than 3 years                      | <b>76,179,296.28</b>    | 52,386,182.11           |
| 3 to 4 years                           | <b>28,825,037.42</b>    | 47,772,085.21           |
| 4 to 5 years                           | <b>42,740,161.96</b>    |                         |
| More than 5 years                      | <b>4,614,096.90</b>     | 4,614,096.90            |
| Total                                  | <b>362,412,003.99</b>   | 265,617,986.89          |

#### (2) Disclosure by classification based on bad debt provision method

Unit: RMB

| Category                                                               | Closing balance       |                |                        |                 |                       | Opening balance |            |                        |                 |                 |
|------------------------------------------------------------------------|-----------------------|----------------|------------------------|-----------------|-----------------------|-----------------|------------|------------------------|-----------------|-----------------|
|                                                                        | Book balance          |                | Provision for bad debt |                 |                       | Book balance    |            | Provision for bad debt |                 |                 |
|                                                                        | Amount                | Proportion     | Amount                 | Provision ratio | Carrying amount       | Amount          | Proportion | Amount                 | Provision ratio | Carrying amount |
| Accounts receivable with provision for bad debt on an individual basis | 75,800.00             | 0.02%          | 75,800.00              | 100.00%         |                       | 75,800.00       | 0.03%      | 75,800.00              | 100.00%         |                 |
| Accounts receivable with provision for bad debt on a portfolio basis   | <b>362,336,203.99</b> | <b>99.98%</b>  | <b>65,089,208.15</b>   | <b>17.96%</b>   | <b>297,246,995.84</b> | 265,542,186.89  | 99.97%     | 45,824,702.15          | 17.26%          | 219,717,484.74  |
| Including:                                                             |                       |                |                        |                 |                       |                 |            |                        |                 |                 |
| Aging portfolio                                                        | 311,182,553.95        | 85.86%         | 65,089,208.15          | 20.92%          | 246,093,345.80        | 174,904,653.08  | 65.85%     | 45,824,702.15          | 26.20%          | 129,079,950.93  |
| Low-risk credit portfolio                                              | <b>51,153,650.04</b>  | <b>14.11%</b>  |                        |                 | <b>51,153,650.04</b>  | 90,637,533.81   | 34.12%     |                        |                 | 90,637,533.81   |
| Total                                                                  | <b>362,412,003.99</b> | <b>100.00%</b> | <b>65,165,008.15</b>   |                 | <b>297,246,995.84</b> | 265,617,986.89  | 100.00%    | 45,900,502.15          |                 | 219,717,484.74  |

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 1. Accounts receivable (Continued)

#### (2) Disclosure by classification based on bad debt provision method (Continued)

Category name for provision for bad debt on an individual basis: Provision for bad debts made on items that are individually not significant.

Unit: RMB

| Name       | Opening balance |                        | Closing balance |                        |                 |                                   |
|------------|-----------------|------------------------|-----------------|------------------------|-----------------|-----------------------------------|
|            | Book balance    | Provision for bad debt | Book balance    | Provision for bad debt | Provision ratio | Reason for provision              |
| Customer I | 75,800.00       | 75,800.00              | 75,800.00       | 75,800.00              | 100.00%         | There is overdue payment of goods |
| Total      | 75,800.00       | 75,800.00              | 75,800.00       | 75,800.00              |                 |                                   |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name                           | Closing balance |                        |                 |
|--------------------------------|-----------------|------------------------|-----------------|
|                                | Book balance    | Provision for bad debt | Provision ratio |
| Within 6 months (inclusive)    | 193,784,189.20  | 4,844,604.73           | 2.50%           |
| 6 months to 1 year (inclusive) | 11,839,935.20   | 591,996.76             | 5.00%           |
| 1 to 2 years                   | 11,634,092.50   | 1,163,409.25           | 10.00%          |
| 2 to 3 years                   | 17,820,840.77   | 5,346,252.23           | 30.00%          |
| 3 to 4 years                   | 28,825,037.42   | 14,412,518.71          | 50.00%          |
| 4 to 5 years                   | 42,740,161.96   | 34,192,129.57          | 80.00%          |
| Over 5 years                   | 4,538,296.90    | 4,538,296.90           | 100.00%         |
| Total                          | 311,182,553.95  | 65,089,208.15          |                 |

# FINANCIAL REPORT

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 1. Accounts receivable (Continued)

#### (2) Disclosure by classification based on bad debt provision method (Continued)

Category name for provision for bad debt on a portfolio basis: low-risk credit portfolio

Unit: RMB

| Name                      | Closing balance |                        |                 |
|---------------------------|-----------------|------------------------|-----------------|
|                           | Book balance    | Provision for bad debt | Provision ratio |
| Low-risk credit portfolio | 51,153,650.04   |                        |                 |
| Total                     | 51,153,650.04   |                        |                 |

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

☐ Applicable ☒ Not Applicable

#### (3) Provision for bad debt accrued, recovered or reversed in the period

Provision for bad debt in the period:

Unit: RMB

| Category             | Opening balance | Change amount in the period |                       |           |       | Closing balance |
|----------------------|-----------------|-----------------------------|-----------------------|-----------|-------|-----------------|
|                      |                 | Accrued                     | Recovered or reversed | Write-off | Other |                 |
| Individual provision | 75,800.00       |                             |                       |           |       | 75,800.00       |
| Aging portfolio      | 45,824,702.15   | 19,264,506.00               |                       |           |       | 65,089,208.15   |
| Total                | 45,900,502.15   | 19,264,506.00               |                       |           |       | 65,165,008.15   |

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 1. Accounts receivable (Continued)

#### (4) The top five accounts receivable and contract assets, sorted by debtors, based on the closing balance

Unit: RMB

| Unit          | Closing balance of accounts receivable | Closing balance of Contract assets | Closing balance of accounts receivable and contract assets | Proportion of the total closing balance of accounts receivable and contract assets | Closing balance of provision for bad debt of accounts receivable and impairment provision of contract assets |
|---------------|----------------------------------------|------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Customer V    | 66,720,631.03                          | 13,327,250.35                      | 80,047,881.38                                              | 19.89%                                                                             | 3,293,013.41                                                                                                 |
| Customer VI   | 57,930,750.08                          |                                    | 57,930,750.08                                              | 14.40%                                                                             | 1,448,268.76                                                                                                 |
| Customer XII  | 28,336,365.70                          |                                    | 28,336,365.70                                              | 7.04%                                                                              | 22,669,092.56                                                                                                |
| Customer XIII | 25,907,839.79                          |                                    | 25,907,839.79                                              | 6.44%                                                                              | 647,695.99                                                                                                   |
| Customer XIV  | 24,960,129.77                          |                                    | 24,960,129.77                                              | 6.20%                                                                              | 624,003.25                                                                                                   |
| Total         | 203,855,716.37                         | 13,327,250.35                      | 217,182,966.72                                             | 53.97%                                                                             | 28,682,073.97                                                                                                |

### 2. Other receivables

Unit: RMB

| Item                  | Closing balance  | Opening balance  |
|-----------------------|------------------|------------------|
| Dividends receivables | 80,000,000.00    | 80,000,000.00    |
| Other receivables     | 4,566,895,883.09 | 3,283,431,485.33 |
| Total                 | 4,646,895,883.09 | 3,363,431,485.33 |

#### (1) Dividends receivables

##### 1) Classification of dividends receivables

Unit: RMB

| Item (or investee)                             | Closing balance | Opening balance |
|------------------------------------------------|-----------------|-----------------|
| Penglai Haiyang Dajin Heavy Industry Co., Ltd. | 80,000,000.00   | 80,000,000.00   |
| Total                                          | 80,000,000.00   | 80,000,000.00   |

# FINANCIAL REPORT

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 2. Other receivables (Continued)

#### (2) Other receivables

##### 1) Classification by nature of the amount of other receivables

Unit: RMB

| Nature of payment            | Closing<br>book balance | Opening<br>book balance |
|------------------------------|-------------------------|-------------------------|
| Current accounts             | 4,554,766,359.69        | 3,267,945,173.27        |
| Land acquisition for reserve | 9,921,515.00            | 12,421,515.00           |
| Petty cash                   | 2,108,418.00            | 2,117,297.06            |
| Deposit                      | 102,144.00              | 1,000,000.00            |
| Total                        | 4,566,898,436.69        | 3,283,483,985.33        |

##### 2) Disclosure by aging

Unit: RMB

| Aging                                  | Closing<br>book balance | Opening<br>book balance |
|----------------------------------------|-------------------------|-------------------------|
| Within 1 year (inclusive)              | 3,295,297,744.51        | 2,481,431,152.53        |
| Including: Within 6 months (inclusive) | 1,428,537,568.01        | 1,870,347,067.84        |
| 6 months to 1 year (inclusive)         | 1,866,760,176.50        | 611,084,084.69          |
| 1 to 2 years                           | 968,779,733.59          | 800,550,212.00          |
| 2 to 3 years                           | 302,820,958.59          | 1,502,620.80            |
| Total                                  | 4,566,898,436.69        | 3,283,483,985.33        |

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 2. Other receivables (Continued)

#### (2) Other receivables (Continued)

##### 3) Disclosure by classification based on bad debt provision method

Unit: RMB

| Category                  | Closing balance  |            |                        |                 |                  | Opening balance  |            |                        |                 |                  |
|---------------------------|------------------|------------|------------------------|-----------------|------------------|------------------|------------|------------------------|-----------------|------------------|
|                           | Book balance     |            | Provision for bad debt |                 |                  | Book balance     |            | Provision for bad debt |                 |                  |
|                           | Amount           | Proportion | Amount                 | Provision ratio | Carrying amount  | Amount           | Proportion | Amount                 | Provision ratio | Carrying amount  |
| Provision for bad debt on |                  |            |                        |                 |                  |                  |            |                        |                 |                  |
| a portfolio basis         | 4,566,898,436.69 | 100.00%    | 2,553.60               | 0.00%           | 4,566,895,883.09 | 3,283,483,985.33 | 100.00%    | 52,500.00              | 0.00%           | 3,283,431,485.33 |
| Aging portfolio           | 102,144.00       | 0.00%      | 2,553.60               | 2.50%           | 99,590.40        | 1,000,000.00     | 0.03%      | 52,500.00              | 5.25%           | 947,500.00       |
| Low-risk credit portfolio | 4,566,796,292.69 | 100.00%    |                        |                 | 4,566,796,292.69 | 3,282,483,985.33 | 99.97%     |                        |                 | 3,282,483,985.33 |
| Total                     | 4,566,898,436.69 | 100.00%    | 2,553.60               |                 | 4,566,895,883.09 | 3,283,483,985.33 | 100.00%    | 52,500.00              |                 | 3,283,431,485.33 |

Category name for provision for bad debt on a portfolio basis: aging portfolio

Unit: RMB

| Name                        | Closing balance |                        |                 |
|-----------------------------|-----------------|------------------------|-----------------|
|                             | Book balance    | Provision for bad debt | Provision ratio |
| Within 6 months (inclusive) | 102,144.00      | 2,553.60               | 2.50%           |
| Total                       | 102,144.00      | 2,553.60               |                 |

Category name for provision for bad debt on a portfolio basis: low-risk credit portfolio

Unit: RMB

| Name                      | Closing balance  |                        |                 |
|---------------------------|------------------|------------------------|-----------------|
|                           | Book balance     | Provision for bad debt | Provision ratio |
| Low-risk credit portfolio | 4,566,796,292.69 |                        |                 |
| Total                     | 4,566,796,292.69 |                        |                 |



# FINANCIAL REPORT

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 2. Other receivables (Continued)

#### (2) Other receivables (Continued)

##### 3) Disclosure by classification based on bad debt provision method (Continued)

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

Unit: RMB

|                                              | Stage 1      | Stage 2                                   | Stage 3                                |            |
|----------------------------------------------|--------------|-------------------------------------------|----------------------------------------|------------|
|                                              |              | Lifetime ECL<br>(no credit<br>impairment) | Lifetime ECL<br>(credit<br>impairment) |            |
| Provision for bad debt                       | 12-month ECL |                                           |                                        | Total      |
| Balance as at January 1, 2026                | 52,500.00    |                                           |                                        | 52,500.00  |
| Balance as at January 1, 2026, in the period |              |                                           |                                        |            |
| Accrued in the period                        | -49,946.40   |                                           |                                        | -49,946.40 |
| Balance as at June 30, 2026                  | 2,553.60     |                                           |                                        | 2,553.60   |

Changes in book balance of loss provisions with significant changes in the period

☐ Applicable ☒ Not applicable

##### 4) Provision for bad debt accrued, recovered or reversed in the period

Provision for bad debt in the period:

Unit: RMB

|                 |                 | Change amount in the period |                       |                         |       |                 |
|-----------------|-----------------|-----------------------------|-----------------------|-------------------------|-------|-----------------|
| Category        | Opening balance | Accrued                     | Recovered or reversed | Write-back or write-off | Other | Closing balance |
| Aging portfolio | 52,500.00       | -49,946.40                  |                       |                         |       | 2,553.60        |
| Total           | 52,500.00       | -49,946.40                  |                       |                         |       | 2,553.60        |

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 2. Other receivables (Continued)

#### (2) Other receivables (Continued)

##### 5) The top five other receivables, sorted by debtors, based on the closing balance

Unit: RMB

| Unit                                                               | Nature of payment | Closing balance  | Aging                                     | Proportion of total closing balance of other receivables | Closing balance of provision for bad debt |
|--------------------------------------------------------------------|-------------------|------------------|-------------------------------------------|----------------------------------------------------------|-------------------------------------------|
| Ningbo Jinyin Heavy Industry Technology Co., Ltd.                  | Current accounts  | 1,362,779,750.00 | Within 1 year; 1 to 2 years; 2 to 3 years | 29.84%                                                   |                                           |
| Tianjin Jinhang Ship Leasing Co., Ltd.                             | Current accounts  | 1,157,544,705.00 | Within 1 year; 1 to 2 years               | 25.35%                                                   |                                           |
| Tangshan Dajin Ocean Engineering Equipment Manufacturing Co., Ltd. | Current accounts  | 974,039,294.72   | Within 1 year; 1 to 2 years               | 21.33%                                                   |                                           |
| Beijing Jinyin Capital Management Co., Ltd.                        | Current accounts  | 424,992,703.50   | Within 1 year                             | 9.31%                                                    |                                           |
| Zhangwu Jinyin Electric Power New Energy Co., Ltd.                 | Current accounts  | 283,156,301.47   | 1 to 2 years; 2 to 3 years                | 6.20%                                                    |                                           |
| Total                                                              |                   | 4,202,512,754.69 |                                           | 92.03%                                                   |                                           |

# FINANCIAL REPORT

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 3. Long-term equity investments

Unit: RMB

| Item                       | Closing balance  |                          |                  | Opening balance  |                          |                  |
|----------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                            | Book balance     | Provision for impairment | Carrying amount  | Book balance     | Provision for impairment | Carrying amount  |
| Investment in subsidiaries | 1,600,874,370.39 |                          | 1,600,874,370.39 | 1,587,278,460.89 |                          | 1,587,278,460.89 |
| Total                      | 1,600,874,370.39 |                          | 1,600,874,370.39 | 1,587,278,460.89 |                          | 1,587,278,460.89 |

#### (1) Investment in subsidiaries

Unit: RMB

| Investee                                                             | Opening balance<br>(carrying amount) | Opening<br>balance of<br>impairment<br>provision | Changes in the period |                         |                             |       | Closing balance<br>(carrying amount) | Closing balance<br>of impairment<br>provision |
|----------------------------------------------------------------------|--------------------------------------|--------------------------------------------------|-----------------------|-------------------------|-----------------------------|-------|--------------------------------------|-----------------------------------------------|
|                                                                      |                                      |                                                  | Added<br>investment   | Decreased<br>investment | Provision for<br>impairment | Other |                                      |                                               |
| Penglai Dajin Offshore Heavy Industry Co., Ltd.                      | 731,649,812.38                       |                                                  |                       |                         |                             |       | 731,649,812.38                       |                                               |
| Beijing Jinyin Capital Management Co., Ltd.                          | 201,526,877.51                       |                                                  |                       |                         |                             |       | 201,526,877.51                       |                                               |
| Xing'an League Dajin Heavy Industry Co., Ltd.                        | 132,000,000.00                       |                                                  |                       |                         |                             |       | 132,000,000.00                       |                                               |
| Zhangjiakou Dajin Wind Power Equipment Co., Ltd.                     | 50,000,000.00                        |                                                  |                       |                         |                             |       | 50,000,000.00                        |                                               |
| Yangjiang Dajin Wind Power Offshore Engineering Technology Co., Ltd. | 50,000,000.00                        |                                                  |                       |                         |                             |       | 50,000,000.00                        |                                               |
| Zhangjiakou Dajin Wind Turbine Blade Co., Ltd.                       | 33,000,000.00                        |                                                  |                       |                         |                             |       | 33,000,000.00                        |                                               |
| Panjin Dajin Ocean Engineering Co., Ltd.                             | 300,000,000.00                       |                                                  |                       |                         |                             |       | 300,000,000.00                       |                                               |
| Ningbo Jinyin Heavy Industry Technology Co., Ltd.                    | 50,000,000.00                        |                                                  |                       |                         |                             |       | 50,000,000.00                        |                                               |
| Dajin (Tianjin) Shipping Co., Ltd.                                   | 13,330,000.00                        |                                                  | 3,100,000.00          |                         |                             |       | 16,430,000.00                        |                                               |
| Dajin Heavy Industry Europe GmbH                                     | 22,271,771.00                        |                                                  | 3,995,909.50          |                         |                             |       | 26,267,680.50                        |                                               |
| Jinyin (Shanghai) Shipping Co., Ltd.                                 | 3,500,000.00                         |                                                  | 1,500,000.00          |                         |                             |       | 5,000,000.00                         |                                               |
| Tianjin Jinyin Heavy Industry Co., Ltd.                              |                                      |                                                  | 5,000,000.00          |                         |                             |       | 5,000,000.00                         |                                               |
| Total                                                                | 1,587,278,460.89                     |                                                  | 13,595,909.50         |                         |                             |       | 1,600,874,370.39                     |                                               |

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 4. Revenue and operating cost

Unit: RMB

| Item             | Amount for the period |                | Amount for previous period |                |
|------------------|-----------------------|----------------|----------------------------|----------------|
|                  | Revenue               | Cost           | Revenue                    | Cost           |
| Main business    | 282,682,887.76        | 281,461,332.92 | 312,707,038.19             | 295,278,620.15 |
| Other businesses | 4,164,771.54          | 1,043,259.35   | 2,020,744.06               | 1,753,263.99   |
| Total            | 286,847,659.30        | 282,504,592.27 | 314,727,782.25             | 297,031,884.14 |

Breakdown information of revenue and operating costs:

Unit: RMB

| Contract Classification                         | Amount for the period |                | Total          |                |
|-------------------------------------------------|-----------------------|----------------|----------------|----------------|
|                                                 | Revenue               | Operating cost | Revenue        | Operating cost |
| Business Type                                   |                       |                |                |                |
| Including:                                      |                       |                |                |                |
| Manufacturing and sales of wind power equipment | 282,682,887.76        | 281,461,332.92 | 282,682,887.76 | 281,461,332.92 |
| Other                                           | 4,164,771.54          | 1,043,259.35   | 4,164,771.54   | 1,043,259.35   |
| Classified by business region                   |                       |                |                |                |
| Including:                                      |                       |                |                |                |
| domestic                                        | 286,847,659.30        | 282,504,592.27 | 286,847,659.30 | 282,504,592.27 |
| Classified by the time of commodity transfer    |                       |                |                |                |
| Including:                                      |                       |                |                |                |
| Point in time                                   | 286,847,659.30        | 282,504,592.27 | 286,847,659.30 | 282,504,592.27 |
| Classified by sales channels                    |                       |                |                |                |
| Including:                                      |                       |                |                |                |
| Direct sales                                    | 286,847,659.30        | 282,504,592.27 | 286,847,659.30 | 282,504,592.27 |
| Total                                           | 286,847,659.30        | 282,504,592.27 | 286,847,659.30 | 282,504,592.27 |

# FINANCIAL REPORT

## XIX. Notes to the main items of the parent company's financial statements (Continued)

### 5. Investment income

Unit: RMB

| Item                                                                    | Amount for<br>the period | Amount for<br>previous period |
|-------------------------------------------------------------------------|--------------------------|-------------------------------|
| Investment income arising from disposal of long-term equity investments |                          | -1,625,558.16                 |
| Investment income from financial assets held for trading                |                          |                               |
| during the holding period                                               | <b>3,659,343.60</b>      | 597,053.50                    |
| Interest income earned from debt investment during the holding period   | <b>154,098.38</b>        | 63,508.42                     |
| Interest expense on bill discounting                                    | <b>-614,080.66</b>       | -644,124.50                   |
| Investment income from debt restructuring                               | <b>-25,004.96</b>        |                               |
| Other                                                                   | <b>45,534.98</b>         |                               |
| Total                                                                   | <b>3,219,891.34</b>      | -1,609,120.74                 |

## XX. Supplementary Information

### 1. Breakdown of non-recurring gains or losses for the period

☒ Applicable ☐ Not Applicable

Unit: RMB

| Item                                                                                                                                                                                                                                                                                                                                    | Amount        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Gain or loss from disposal of non-current assets                                                                                                                                                                                                                                                                                        | 6,993,765.17  |
| Government grants included in profit or loss (excluding those closely related to the Company's normal business operations, in compliance with national policies and regulations, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss)                                            | 3,800,392.68  |
| Except for effective hedging activities related to the normal business operations of the same company, profit or loss from changes in fair value arising from non-financial companies holding financial assets and financial liabilities, as well as profit or loss arising from disposal of financial assets and financial liabilities | 6,461,872.73  |
| Gain or loss on debt restructuring                                                                                                                                                                                                                                                                                                      | -217,350.82   |
| Other non-operating income and expenses excluding the aforementioned items                                                                                                                                                                                                                                                              | -5,724,314.17 |
| Other items of profit or loss that meet the definition of non-recurring gains or losses                                                                                                                                                                                                                                                 | 4,518,977.67  |
| Less: Income tax impact                                                                                                                                                                                                                                                                                                                 | 3,808,060.98  |
| Total                                                                                                                                                                                                                                                                                                                                   | 12,025,282.28 |

Specific details of other items of profit or loss that meet the definition of non-recurring gains or losses:

☒ Applicable ☐ Not applicable

| Item                                                | Amount for the period (RMB) |
|-----------------------------------------------------|-----------------------------|
| Additional deduction of input tax                   | 4,174,602.05                |
| Refund of handling charge for individual income tax | 341,375.62                  |
| Other                                               | 3,000.00                    |

Explanatory statement on defining non-recurring gains or losses listed in "Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No. 1 – Non-recurring Gains or Losses" as recurring gains or losses

☐ Applicable ☒ Not Applicable

# FINANCIAL REPORT

## XX. Supplementary Information (Continued)

### 2. Return on net assets and earnings per share

| Profit during reporting period                                                                                    | Weighted average<br>return on net assets | Earnings per share                      |                                           |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------|
|                                                                                                                   |                                          | Basic earnings per<br>share (RMB/share) | Diluted earnings<br>per share (RMB/share) |
| Net profit attributable to common shareholders<br>of the Company                                                  | 7.02%                                    | 0.94                                    | 0.94                                      |
| Net profit attributable to common shareholders of<br>the Company after deducting non-recurring<br>gains or losses | 6.88%                                    | 0.92                                    | 0.92                                      |

### 3. Differences in accounting data under domestic and foreign accounting standards

#### (1) Differences in net profit and net assets between financial reports disclosed under international accounting standards and those disclosed under Chinese accounting standards

☐ Applicable ☒ Not applicable

#### (2) Differences in net profit and net assets between financial reports disclosed under foreign accounting standards and those disclosed under Chinese accounting standards

☐ Applicable ☒ Not Applicable



# DEFINITIONS

|                                 |                                                                                                                                                                                                                                                                                                                                          |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Articles of Association"       | the Articles of Association of the Company, as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                                                             |
| "A Share(s)"                    | ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each and listed on the Shenzhen Stock Exchange and traded in RMB                                                                                                                                                                                     |
| "Audit Committee"               | the audit committee of the Board                                                                                                                                                                                                                                                                                                         |
| "Board" or "Board of Directors" | the board of directors of the Company                                                                                                                                                                                                                                                                                                    |
| "CASBE"                         | China Accounting Standards for Business Enterprises                                                                                                                                                                                                                                                                                      |
| "Corporate Governance Code"     | the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules                                                                                                                                                                                                                                                   |
| "China" or "the PRC"            | the People's Republic of China excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan                                                                                                                                                                                                      |
| "Company"                       | Dajin Heavy Industry Co., Ltd. (大金重工股份有限公司), a joint stock company with limited liability established in the PRC on September 22, 2003, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (1081.HK) and the A Shares of which have been listed on the Main Board of Shenzhen Stock Exchange (002487.SZ) |
| "Director(s)"                   | the director(s) of the Company                                                                                                                                                                                                                                                                                                           |
| "Global Offering"               | the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on June 5, 2026                                                                                                                                                                                                                                            |
| "Group"                         | the Company and its subsidiary                                                                                                                                                                                                                                                                                                           |
| "H Share(s)"                    | overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HKD and listed on the Main Board of the Hong Kong Stock Exchange                                                                                                                                 |
| "HK\$" or "HKD"                 | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                                                                                                                                      |
| "HKFRS"                         | the Hong Kong Financial Reporting Standards                                                                                                                                                                                                                                                                                              |
| "Hong Kong"                     | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                   |
| "Hong Kong Listing Rules"       | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended or supplemented from time to time                                                                                                                                                                                                              |
| "Hong Kong Stock Exchange"      | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                  |
| "Latest Practicable Date"       | August 14, 2026, being the latest practicable date prior to the publication of this interim report                                                                                                                                                                                                                                       |
| "Main Board"                    | the Main Board of the Hong Kong Stock Exchange                                                                                                                                                                                                                                                                                           |

## DEFINITIONS

|                                        |                                                                                                                                    |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| "Model Code"                           | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules |
| "Nomination Committee"                 | the nomination committee of the Board                                                                                              |
| "Prospectus"                           | the prospectus of the Company in connection with the Global Offering dated May 28, 2026                                            |
| "R&D"                                  | Research and Development                                                                                                           |
| "Remuneration and Appraisal Committee" | the remuneration and appraisal committee of the Board                                                                              |
| "Renminbi" or "RMB"                    | Renminbi Yuan, the lawful currency of China. Unless otherwise specified, amounts stated in this report are denominated in RMB      |
| "Reporting Period"                     | the six-month period from January 1, 2026 to June 30, 2026                                                                         |
| "SFO"                                  | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time          |
| "Share(s)"                             | ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)  |
| "Shareholder(s)"                       | holder(s) of the Share(s)                                                                                                          |
| "USD" or "US\$"                        | US dollar, the lawful currency of the United States of America                                                                     |