SICC

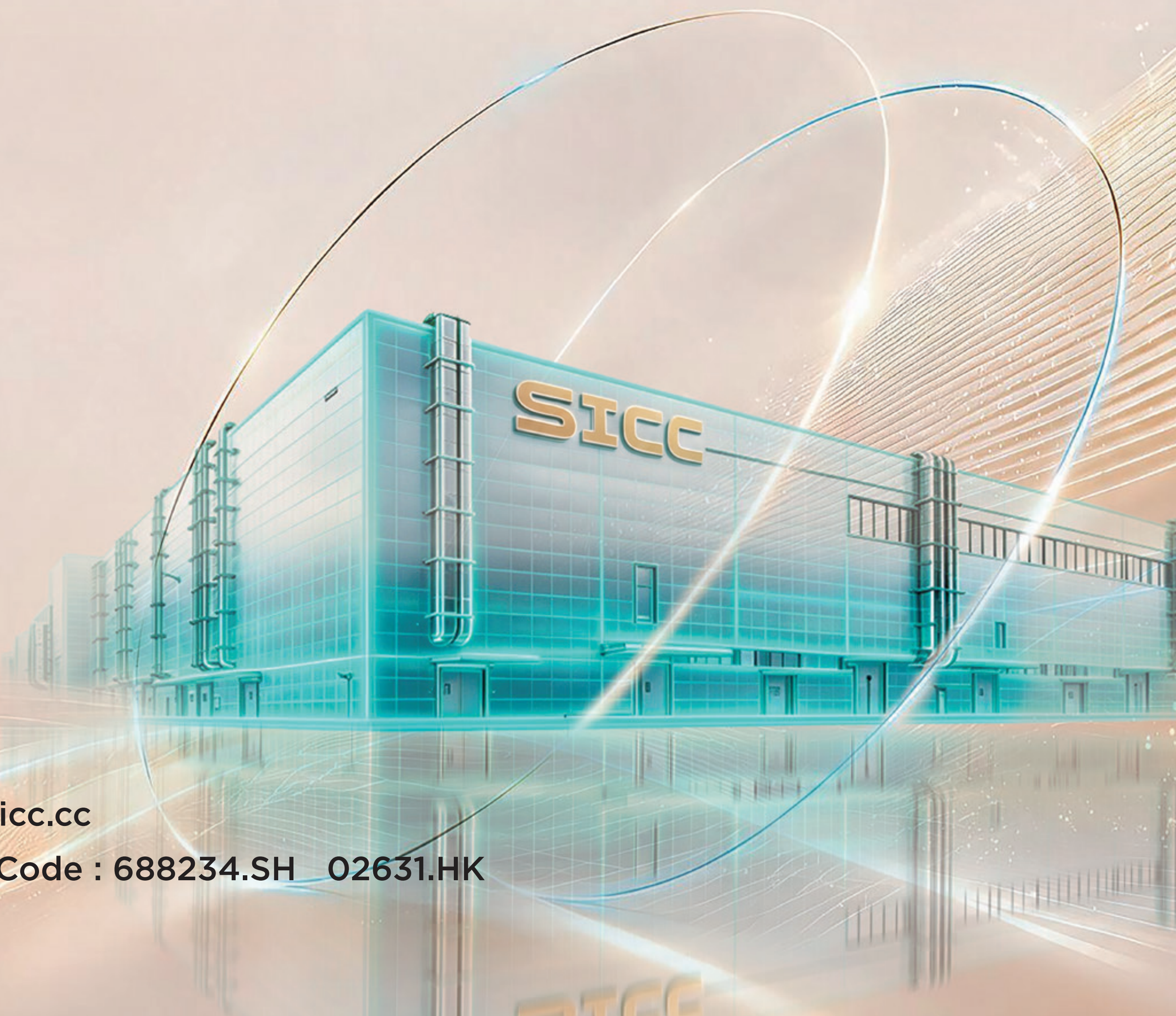
SICC CO., LTD.

山東天岳先進科技股份有限公司

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

2026

INTERIM REPORT



www.sicc.cc

Stock Code : 688234.SH 02631.HK

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SECTION 1 DEFINITIONS

In this report, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

A Share(s)	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the STAR Market of the Shanghai Stock Exchange and traded in Renminbi
A Shareholders	holders of A share(s)
Articles of Association	Articles of Association of SICC CO., LTD.
Audit Committee	the audit committee of the Board
Bandgap	An energy interval in the band structure where the density of states is zero, commonly used to represent the energy range between the valence band and the conduction band. The width of the bandgap determines whether a material exhibits semiconducting or insulating properties. Third-generation semiconductors, also known as wide bandgap semiconductors, are so called due to their characteristic of having a wide bandgap
Board Committees	collectively refers to the Audit Committee, the Strategic and Sustainable Development Committee, the Remuneration and Appraisal Committee and the Nomination Committee
Board	the board of directors of the Company
Chips	Semiconductor devices capable of performing specific functions are fabricated by performing etching and wiring processes on semiconductor epitaxial wafers
Company, our Company, SICC	SICC Co., Ltd. (山東天岳先進科技股份有限公司), a limited liability company established in the PRC on 2 November 2010 and restructured into a joint stock company on 17 November 2020, the A shares of which have been listed on the STAR Market of the Shanghai Stock Exchange on 12 January 2022 (Stock Code: 688234) and its H Shares have been listed on the Hong Kong Stock Exchange on 20 August 2025 (Stock Code: 2631)
Controlling Shareholders	Zong Yanmin, Shanghai Maiming, and Shanghai Zhuao
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules
CSRC	China Securities Regulatory Commission
Diode	A power device made of semiconductor materials with unidirectional conductivity, which is used in various electronic circuits to perform multiple functions, including rectification of alternating current, demodulation of modulated signals, limiting and clamping, and voltage stabilisation of power supply voltages
Director(s)	the director(s) or any one of the director(s) of the Company
Discrete	A semiconductor component in a single package that possesses electronic characteristics and functions. Common discrete semiconductor devices include diodes, transistors, optoelectronic component, etc.

Dislocation	A type of internal microscopic defect in crystalline materials, arising from the local irregular arrangement of atoms
Fuji Keizai	A renowned research institution headquartered in Tokyo, Japan, which provides market research and consulting services to global clients, with particular expertise in market forecast reports in high-technology sectors such as semiconductors, electric vehicles and new materials.
Global Offering	the Hong Kong Public Offering and International Offering as described in the Prospectus
Group	the Company and its subsidiaries
Guotai Haitong Kaiyuan	Guotai Haitong Kaiyuan Investment Co., Ltd. (國泰海通開元投資有限公司), formerly Haitong Kaiyuan Investment Co., Ltd. (海通開元投資有限公司)
Guotai Haitong Zhengyu	Guotai Haitong Zhengyu Investment Co., Ltd. (國泰海通證裕投資有限公司), formed through the merger of Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司) and Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
Guotai Haitong	Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), formerly Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司)
H Share(s)	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
H Shareholders	holders of H share(s)
Habo Capital	Habo Technology Investments Ltd. (哈勃科技投資有限公司), current name: Habo Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司)
Haitong Securities	Haitong Securities Co., Ltd. (海通證券股份有限公司), has been merged into Guotai Junan Securities Co., Ltd. by way of absorption
HK$ or HKD or Hong Kong dollars	Hong Kong dollars, the lawful currency of Hong Kong
HKSCC	HKSCC NOMINEES LIMITED
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended, supplemented or otherwise modified from time to time)
Hong Kong	the Hong Kong Special Administrative Region of the PRC
IGBT	Short for Insulated Gate Bipolar Transistor, a commonly used semiconductor switching device in the power electronics industry
Independent Third Party(ies)	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the knowledge, information and belief of the Company, having made all reasonable enquiries, is/are not connected persons (as defined in the Hong Kong Listing Rules) of the Company

SECTION 1 DEFINITIONS

Integrated circuit	A circuit or system that performs specific functions, formed through a series of specific processing techniques by interconnecting and integrating active devices such as transistors and diodes, as well as passive components including resistors and capacitors, onto a semiconductor wafer according to a predetermined circuit design, and encapsulating them in a single package
Jinan Guocai	Guocai Equity Investment Fund (Jinan) Limited Partnership (Limited Partnership) (國材股權投資基金(濟南)合夥企業(有限合夥))
Liaoning Haitong New Energy	Liaoning Haitong New Energy Low Carbon Industrial Equity Investment Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司)
Liaoning Zhongde	Liaoning Zhongde Industrial Equity Investment Fund Limited Partnership (Limited Partnership) (遼寧中德產業股權投資基金合夥企業(有限合夥))
Listing Date	August 20, 2025, the date on which H Shares were listed on the Hong Kong Stock Exchange and were first permitted to commence trading on the Hong Kong Stock Exchange
Micropipe	A type of defect in silicon carbide wafers, which is a hollow tubular channel extending in the axial direction within the crystal, with radial dimensions ranging from one micron to over ten microns
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
MOSFET	Metal-Oxide-Semiconductor Field-Effect Transistor, a type of field-effect transistor that can be widely used in both analogue and digital circuits
Nomination Committee	the Nomination Committee of the Board
Optoelectronic component	A device manufactured based on the photoelectric effect, the main types of which include phototubes, photoresistors, photodiodes, phototransistors, photocells, optoelectronic couplers and others
Polytype	The coexistence of different polytypes (crystal structures) within a single crystal
Power devices	Discrete devices used for power conversion and control circuits in electrical equipment, also known as power electronic devices
Prospectus	the Prospectus published by the Company on 11 August, 2025
Remuneration and Appraisal Committee	the Remuneration and Appraisal Committee of the Board
RF devices	A type of components formed using radio-frequency technology, commonly used in fields such as wireless communications
RMB or Renminbi	Renminbi, the lawful currency of the PRC
RMB, RMB0,000	RMB, RMB10,000
Seed crystal	A small crystal having the same crystal structure as the desired crystal, which serves as a seed for the growth of single crystals, and is also referred to as a seed crystal

SFO or Securities and Futures Ordinance	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Shanghai Cehui	Shanghai Cehui Enterprise Management Center (Limited Partnership) (上海策輝企業管理中心(有限合夥))
Shanghai Juepeng	Shanghai Juepeng Enterprise Management Center (Limited Partnership) (上海爵芃企業管理中心(有限合夥))
Shanghai Maiming	Shanghai Maiming Enterprise Management Center (Limited Partnership) (上海麥明企業管理中心(有限合夥))
Shanghai Tianyue	Shanghai Tianyue Semiconductor Material Co., Ltd. (上海天岳半導體材料有限公司)
Shanghai Yuefu	Shanghai Yuefu Technology & Trade Co., Ltd. (上海越服科貿有限公司)
Shanghai Yuelianfeng	Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司)
Shanghai Zhuao	Shanghai Zhuao Enterprise Management Center (Limited Partnership) (上海鑄傲企業管理中心(有限合夥))
SiC or Silicon Carbide	Silicon Carbide, a compound of carbon and silicon. It is a wide-bandgap semiconductor material and is commonly referred to as one of the third-generation semiconductor materials
SSE	The Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
Strategic and Sustainable Development Committee	the Strategic and Sustainable Development Committee of the Board
Substrate, Chip	Cutting, grinding and polishing of the crystal along specific crystallographic directions to obtain clean single-crystal wafer thin slices that possess specific crystal planes and appropriate electrical, optical and mechanical properties, and are used for the growth of epitaxial layers
the Reporting Period, this Reporting Period	the period from 1 January 2026 to 30 June 2026;
Yole/Yole Group	A leading industry research and consulting firm headquartered in France, with over 20 years of history, specializing in the fields of semiconductors and software, power and wireless networks, as well as sensing and imaging. Its primary services include market analysis, technology assessment and business planning

SECTION 2 COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

COMPANY BASIC INFORMATION

The Company's Chinese name	山東天岳先進科技股份有限公司
Abbreviation of the Company's Chinese name	天岳先進
The Company's English name	SICC Co.,Ltd.
Abbreviation of the Company's English name	SICC
The legal representative of the Company	Zong Yanmin (宗艷民)
The registered address of the Company	No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC
Historical change in registered address of the Company	Nil
The Company's office address	No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC
Postal code of the Company's office address	250118
Company's Website	www.sicc.cc
E-mail	dmo@sicc.cc
Query Index of Changes during the Reporting Period	Nil

CONTACT PERSON AND CONTACT INFORMATION

	Secretary of the Board (domestic representative of information disclosure)	**Securities Representative**
Name	Zhong Wenqing (鍾文慶)	Wang Junguo (王俊國)
Contact Address	No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC	No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC
Phone	0531–69900616	0531–69900616
Fax	0531–87126500	0531–87126500
E-mail	dmo@sicc.cc	dmo@sicc.cc

INFORMATION DISCLOSURE AND UPDATE ON LOCATION FOR INSPECTION OF DOCUMENTS

Name of newspapers selected by the Company for information disclosure	1. China Securities Journal (www.cs.com.cn) 2. Securities Daily (www.zqrb.cn) 3. Securities Times (www.stcn.com) 4. Shanghai Securities News (www.cnstock.com)
Website for publication of interim report	A shares: www.sse.com.cn H shares: www.hkexnews.hk
Location for inspection of interim report of the Company	Board Office of the Company
Query Index of Changes during the Reporting Period	Nil

SECTION 2 COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

SHARES OF THE COMPANY

SHARES OF THE COMPANY

Type of shares	The stock exchange and sector of the stock listing	Stock abbreviation	Stock Code	Stock name before change
A shares	STAR Market of the Shanghai Stock Exchange	天岳先進	688234	Not applicable
H shares	Main Board of the Stock Exchange of Hong Kong Limited	天岳先進	02631	Not applicable

OTHER RELEVANT INFORMATION

Serial number	Category	Details
1	Executive Directors	Mr. Zong Yanmin (宗艷民) Mr. Gao Chao (高超) Mr. Wang Junguo (王俊國)
2	Non-executive Directors	Mr. Qiu Yufeng (邱宇峰) Ms. Li Wanyue (李婉越) Mr. Feng Xianying (馮顯英) *(appointed with effect from 26 June 2026)* Mr. Fang Wei (方偉) *(resigned with effect from 28 April 2026)*
3	Independent non-executive Directors	Mr. Li Honghui (李洪輝) Mr. Lai Kwok Hung Alex (黎國鴻) Ms. Liu Hua (劉華)
4	Strategy Committee	Mr. Zong Yanmin (宗艷民) *(Chairman)* Mr. Qiu Yufeng (邱宇峰) Mr. Li Honghui (李洪輝)
5	Audit Committee	Mr. Li Honghui (李洪輝) *(Chairman)* Mr. Lai Kwok Hung Alex (黎國鴻) Ms. Liu Hua (劉華)
6	Nomination Committee	Ms. Liu Hua (劉華) *(Chairlady)* Mr. Zong Yanmin (宗艷民) Mr. Lai Kwok Hung Alex (黎國鴻)
7	Remuneration and Appraisal Committee	Mr. Lai Kwok Hung Alex (黎國鴻) *(Chairman)* Mr. Zong Yanmin (宗艷民) Ms. Liu Hua (劉華)
8	Joint Company Secretaries	Mr. Wang Junguo (王俊國) Ms. Leung Sau Fong (梁秀芳)
9	Authorized Representative	Mr. Zong Yanmin (宗艷民) Ms. Leung Sau Fong (梁秀芳)
10	Hong Kong Legal Advisors	Grandall Zimmern Law Firm 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong
11	Mainland China Legal Advisor	Grandall Law Firm (Shanghai) 25–28/F, Suhe Centre China Central Place, 99 North Shanxi Road, Shanghai
12	Compliance Advisor	Somerley Capital Limited 20/F, China Building, 29 Queen's Road Central, Central, Hong Kong

SECTION 2 COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

Serial number	Category	Details
13	Custodian of A shares	China Securities Registration and Clearing Corporation Limited, Shanghai Branch No.188 South Yanggao Road, Pudong New District, Shanghai
14	H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre,183 Queen's Road East, Wan Chai, Hong Kong

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: yuan Currency: RMB

Key accounting data	the Reporting Period (January to June)	the same period of the previous year	Increase or decrease during the Reporting Period compared with the same period previous year (%)
Revenue	913,646,546.53	793,805,202.95	15.10
Total profit	-50,666,621.77	7,599,604.10	-766.70
Net profit attributable to owner of the listed company	-58,616,647.35	10,880,178.50	-638.75
Net profit deducting non-recurring profit and loss attributable to shareholders of the listed company	-87,338,412.89	-10,944,685.02	Not applicable
Net cash flow from operating activities	-20,255,066.51	289,469,518.90	-107.00

	At the end of the Reporting Period	At the end of previous year	Increase or decrease at the end of the Reporting Period compared with the end of the previous year (%)
Owners' equity attributable to shareholders of the listed company	7,109,128,882.56	7,173,933,552.81	-0.90
Total assets	10,023,577,945.14	9,583,219,803.30	4.60

(II) Key Financial Indicators

Key Financial Indicators	the Reporting Period (January to June)	the same period of the previous year	Increase or decrease during the Reporting Period compared with the same period previous year *(%)*
Basic earnings per share *(RMB/share)*	-0.12	0.03	-500.00
Diluted earnings per share *(RMB/share)*	-0.12	0.03	-500.00
Basic earnings per share net of non-recurring profit and loss *(RMB/share)*	-0.18	-0.03	Not applicable
Weighted average return on net assets *(%)*	-0.82	0.21	Decreased by 1.03 percentage points
Weighted average return on net assets after deducting non-recurring profit and loss *(%)*	-1.22	-0.21	Decreased by 1.01 percentage points
Proportion of R&D investment in operating revenue *(%)*	8.16	9.55	Decreased by 1.39 percentage points
Current ratio(1)	2.51	2.26	Increased by 0.25 percentage points
Quick ratio(2)	1.95	1.58	Increased by 0.37 percentage points
Gearing ratio(3)	29.08%	30.83%	Decreased by 1.76 percentage points

(1) Current ratio is calculated as total current assets divided by total current liabilities

(2) Quick ratio is calculated as total current assets (excluding inventories) divided by total current liabilities

(3) Gearing ratio is calculated as total liabilities divided by total assets, multiplied by 100%

(4) The calculation difference is due to rounding.

Description of key accounting data and financial indicators

During the Reporting Period, the Company achieved revenue of RMB914 million, representing a year-on-year increase of 15.10%, with a comprehensive gross profit margin of 22.86%. It recorded a total profit of RMB-50.6666 million, a net profit attributable to owners of the listed company of RMB-58.6166 million, and a net profit deducting non-recurring profit and loss attributable to shareholders of the listed company of RMB-87.3384 million. During the Reporting Period, the net cash flows generated from operating activities turned negative year-on-year. Basic earnings per share, diluted earnings per share and basic earnings per share net of non-recurring profit and loss all decreased year-on-year.

With the accelerated evolution of new energy vehicles towards high-voltage platforms and the continuous expansion of AI computing infrastructure, the value of SiC in downstream application scenarios has become increasingly prominent, and its market penetration rate has steadily increased. During the Reporting Period, the Company's production and sales volume grew steadily, and revenue achieved both year-on-year and quarter-on-quarter growth. Leveraging its market-leading advantage in large-size SiC substrates, coupled with the ongoing implementation of cost reduction and efficiency enhancement measures, and the gradual stabilisation of product prices driven by the recovery of downstream demand, the Company's gross profit margin improved. On a quarterly basis, in the second quarter of 2026, revenue reached RMB548 million, setting a new historical high for a single quarter, representing a year-on-year increase of 42.06% and a quarter-on-quarter increase of 49.97%. The quarterly gross profit margin was 25.36%, and the Company achieved a net profit attributable to owners of the listed company of RMB1.8930 million for that single quarter.

SECTION 2 COMPANY PROFILE AND MAJOR FINANCIAL INDICATORS

During the Reporting Period, the Company's financial performance faced short-term pressure due to factors such as increased exchange losses arising from exchange rate fluctuations, as well as provisions for asset impairment losses and credit impairment losses, but losses gradually narrowed. Looking ahead, the Company's production capacity and market share for large-size SiC products are expected to further increase. The Company will continue to deepen cost reduction and efficiency enhancement, actively explore overseas markets and emerging application areas. As the scale effect continues to be unleashed, the Company's profitability is expected to gradually improve and its core competitiveness will be further consolidated.

DIFFERENCES IN ACCOUNTING INFORMATION UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

☐Applicable ✓Not applicable

This report is prepared in accordance with the Chinese Accounting Standards for Business Enterprises. In view of the substantial convergence between the Chinese Accounting Standards for Business Enterprises and the International Financial Reporting Standards, the Company convened the 14th meeting of the Audit Committee of the second Board of Directors and the 19th meeting of the second Board of Directors on 27 March 2026, at which the proposal regarding the Company's uniform adoption of the Chinese Accounting Standards for Business Enterprises for the preparation of financial reports and the non-engagement of a separate overseas financial reporting audit firm was deliberated and approved. Accordingly, the Company no longer adopts the International Financial Reporting Standards as used in the 2025 annual report, and uniformly adopts the Chinese Accounting Standards for Business Enterprises for the preparation of financial reports and the disclosure of related financial information, which will not have any material impact on the Company's operating results, financial position or cash flows.

NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

✓Applicable ☐Not applicable

Unit: yuan Currency: RMB

Non-recurring profit and loss item	Amount	Notes (if applicable)
Gain/loss from disposal of non-current assets, including the part offset with the Provision for impairment of assets		
Government grants (except for the government grants closely related to the normal operation of the Company, granted in accordance with an established standard and having an ongoing effect on the Company's profit or loss in compliance with national policies and regulations) accounted for in profit or loss for the current period	10,706,733.42	
Except for effective hedging activities conducted in the ordinary course of business of the Company, gain or loss arising from the change in fair value of financial assets and financial liabilities held by a non-financial company, as well as gain or loss arising from disposal of its financial assets and financial liabilities	22,648,000.06	
Fund possession costs included in the profit or loss for the current period and collected from non-financial enterprises		
Profit and loss from entrusted investments or Assets management		

Non-recurring profit and loss item	Amount	Notes (if applicable)
Profit and loss from externally commissioned loans		
Asset loss caused by force majeure factors, such as natural disasters		
Reverse of provision for impairment of receivables under individual impairment test		
Gains generated from the amount of the enterprise's investment costs for acquisition of subsidiaries, joint ventures and associates lower than the earnings from the fair value of the net identifiable assets of the invested entity that the enterprise should enjoy upon acquisition		
Net current profit or loss of subsidiaries from the beginning of the period to the consolidation date arising from consolidation of companies under common control		
Profit and loss from non-monetary assets exchange		
Profit and loss from debt restructuring		
Non-recurring expenses incurred by enterprises due to the discontinuation of related business activities, such as expenses for employee resettlement, etc.		
Non-recurring impact on current period profit or loss arising from changes in tax, accounting and other laws and regulations		
Share based payment expenses recognized in one lump sum due to cancellation or modification of equity incentive plans		
For cash settled share-based payments, gains or losses arising from changes in fair value of employee compensation payable after the vesting date		
Profit and loss arising from changes in fair value of investment properties measured using the fair value model for subsequent measurement		
Revenue generated from transactions at significantly unfair prices		
Profit and loss arising from contingencies unrelated to the normal operation of company's business		
Income from custody fee of entrusted operation		
Other non-operating income and expenses other than the above items	450,382.20	
Other items of profit or loss falling within the definition of non-recurring gains and losses		
Less: Impacts of income tax	5,083,350.14	
Impact of minority interests (after tax)		
Total	**28,721,765.54**	

Explanations of the items not listed in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses (《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》) confirmed as non-recurring profit and loss items with significant amount, and the non-recurring profit and loss items listed in Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses confirmed as recurring profit and loss items.
✓Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Amounts involved	Reasons
Asset-related government grants	19,552,697.64	closely related to the normal operation of the business, conform to national policies and regulations, are enjoyed in accordance with defined criteria, and have a continuing impact on the Company's profit or loss

COMPANIES WITH EQUITY INCENTIVE SCHEMES OR EMPLOYEE SHARE OWNERSHIP PLANS MAY ELECT TO DISCLOSE NET PROFIT AFTER DEDUCTING THE IMPACT OF SHARE-BASED PAYMENTS

✓Applicable ☐Not applicable

Unit: yuan Currency: RMB

Major accounting data	the Reporting Period (January to June)	the same period of the previous year	Increase or decrease during the Reporting Period compared with the same period of previous year *(%)*
Net profit after deducting the impact of share-based payments	-58,616,647.35	15,404,566.65	-480.51

EXPLANATION OF PERFORMANCE INDICATORS OF NON-ENTERPRISE ACCOUNTING STANDARDS

☐Applicable ✓Not applicable

DESCRIPTION OF THE INDUSTRY AND PRINCIPAL ACTIVITIES OF THE COMPANY DURING THE REPORTING PERIOD

(I) Overview of the Industry

According to the National Economic Industry Classification (GB/T4754–2017) published by the National Bureau of Statistics of China, the Company's industry falls under Category 39, "Manufacturing of Computers, Communication and Other Electronic Equipment", Sub-category 398, "Manufacturing of Electronic Components and Electronic Special-purpose Materials". According to the Classification of Strategic Emerging Industries (2018) published by the National Bureau of Statistics, the Company's products fall under "1.2.3 Manufacturing of High-energy Storage and Key Electronic Materials" and "3.4.3.1 Manufacturing of Semiconductor Crystals", which are strategic emerging industries that are encouraged and supported by the state.

Currently, as the core material of third-generation wide bandgap semiconductors, SiC, with its comprehensive performance advantages including high bandgap, high breakdown electric field, high thermal conductivity and high-temperature stability, is becoming an important foundational material for high-voltage, high-frequency, high-efficiency and high-power-density power electronic systems. The industry as a whole is in the early-to-mid-stage of its growth cycle. During the Reporting Period, following a period of initial phased price adjustments, inventory digestion and the phase-out of some inefficient production capacity, the supply-demand dynamics of the SiC industry have gradually improved, and the industry's development focus has further shifted from mere scale expansion to a high-quality development phase centred on technological advancement, product quality, stable delivery and customer collaboration. According to data from Yole Group, the global SiC power device market size in 2025 was approximately US$3,707 million, and the global power SiC device market is expected to grow at a CAGR of approximately 20% from 2025 to 2031. The continuous expansion of the downstream device market is driving increasing demand for upstream SiC substrates, and the SiC materials industry generally maintains a favourable development trend.

From the perspective of downstream application structure, the application scenarios of SiC have gradually expanded from the early focus on new energy vehicles to more high-growth and high-value-added scenarios, and the industry's demand structure is showing a diversified development trend. The new energy sector remains the most significant application market for SiC, with new energy vehicles being one of the most important application areas for SiC power devices. As the promotion of high-voltage platform models for new energy vehicles continues, the application of SiC in main drive inverters, on-board chargers, DC-DC converters and high-voltage auxiliary systems is deepening, and market penetration continues to increase. Meanwhile, as product performance continues to be optimised, the industrial chain supporting facilities gradually mature and costs progressively decline, the application scope and value per vehicle of SiC in the new energy vehicle sector are further increasing, and the industry's medium-to long-term development space is broad. According to data from Yole Group, xEV (electric vehicles) is the largest and fastest-growing end market for SiC, with the market size expected to increase from US$2,104 million in 2025 to US$6,767 million in 2031, representing a CAGR of 21.49%. xEV serves as the core engine for SiC substrate demand and is highly aligned with the Company's core business of automotive-grade substrates.

At the same time, AI data centers are emerging as the second engine driving the growth of the SiC market. With the rapid growth of AI computing power demand, data centers have continuously raised requirements for power conversion efficiency, power density and thermal management, and the application value of SiC in areas such as PSUs, UPSs, HVDCs and SSTs has become increasingly prominent. AI has a clear medium-to long-term amplifying effect on global data center electricity demand, and the global data center electricity demand under AI scenarios is showing an accelerating upward trend. This implies that the importance of high-efficiency power architectures and high-performance semiconductor materials will continue to increase, and the supporting role of SiC materials in green, low-carbon and high-efficiency computing infrastructure will be further strengthened. In addition, the application of SiC in emerging fields such as advanced packaging and micro-nano optics is also advancing continuously, opening up new market spaces for the industry's development. In the AI field, according to data from Frost & Sullivan, by 2030, the global AI data center capacity will increase to 299GW, a net increase of 244GW compared with 2023, corresponding to a compound annual growth rate of 27.4% from 2023 to 2030; the proportion of data center power consumption in global electricity consumption will increase from 1.4% to 10.0%. The Company's SiC substrates can be applied in scenarios such as high-efficiency power supplies, PSUs, HVDCs and SSTs required by AI data centers, opening up new growth space for the Company.

In the fields of micro-nano optics and AI glasses, silicon carbide materials can be applied in optical waveguide lenses. With characteristics such as high refractive index, they can achieve a larger field of view and a simpler full-color display structure, reducing weight, volume, and manufacturing complexity. According to data from Frost & Sullivan, it is expected that by 2030, the global shipment of AI glasses will exceed 60 million pairs.

In addition to new energy vehicles and AI data centers, the substitution of silicon carbide for silicon-based devices in traditional power electronics sectors such as power grids, new energy photovoltaic energy storage and charging piles, rail transit, industrial control, charging facilities, and consumer applications is also continuing to accelerate, with application boundaries continuously expanding. As technological progress drives the cost centre to gradually shift downward, the cost-effectiveness advantages of silicon carbide are no longer limited to high-voltage and high-power scenarios, but are beginning to extend to medium-and low-voltage, low-current scenarios such as household appliances, adapters, PD fast charging, LED drivers and other consumer electronics. Industry data shows that the shipment of consumer-grade SiC products from certain companies has reached the tens of millions level, indicating that the commercialisation process of silicon carbide in consumer-grade scenarios is accelerating. This trend suggests that silicon carbide materials are gradually evolving from "point-based applications" to "area-based penetration", further enhancing the industry's anti-cyclical ability and medium-to long-term growth certainty.

From the perspective of industry development trends, the size enlargement, defect reduction, cost reduction and expansion of multi-type products of silicon carbide substrates have become important directions for the industry's technological evolution. Currently, 6-inch conductive substrates remain the mainstream in the industry, 8-inch conductive substrates are rapidly increasing in volume, and the layout of 12-inch products is advancing steadily. The industry is at a critical stage of upgrading from 6-inch to 8-inch and making forward-looking layout for larger sizes. Among them, 8-inch substrates have significant advantages in increasing the output per wafer, improving the economics of device manufacturing, and promoting the compatibility optimisation of downstream production lines and equipment, and have become an important direction for cost reduction and efficiency enhancement in the industry. During the Reporting Period, the proportion of the Company's main business income from 8-inch products has exceeded 50%; 12-inch products are expected to further support the large-scale development of emerging scenarios.

(II) Principal Activities

1. Main Business

The Company is a leading enterprise in the global wide-bandgap semiconductor material industry. Since its establishment, it has been focused on the research, development and industrialization of high-quality silicon carbide substrates.

The Company has been dedicated to the silicon carbide industry for more than 15 years. It was one of the first in China to industrialize semi-insulating silicon carbide substrates and further achieved the industrialization of conductive silicon carbide substrates. Relying on its R&D, production and management experience, the Company's advantage in large-size products has been continuously improved. The size of mass-produced silicon carbide substrates has been upgraded from 2 inches to 8 inches, and in 2024, the Company launched the industry's first 12-inch silicon carbide substrate. In 2025, it completed the technical research on the full range of 12-inch conductive N-type, conductive P-type and semi-insulating silicon carbide substrates, bringing the global silicon carbide substrate industry into the 12-inch era. While achieving full-size industrialization from 2 inches to 12 inches, the Company has also made key technological breakthroughs in diversified products such as semi-insulating substrates, conductive substrates, P-type substrates, optical substrates and advanced packaging heat-dissipation interposers, and has continuously promoted the domestic substitution of key equipment, achieving full-process self-control from raw materials to finished products.

2. Main Products and Services

Silicon carbide material is a compound wide-bandgap semiconductor material. Compared with traditional silicon, it has the following advantages:

2.1 Larger bandgap, suitable for higher voltage, frequency and temperature;

2.2 Higher thermal conductivity, very suitable for devices with large thermal loads;

2.3 Higher breakdown electric field strength, which can make devices thinner and have lower on-resistance;

2.4 Higher saturated electron drift velocity and faster switching speed.

The above characteristics improve the performance of end-products using silicon carbide substrates, enabling the products to operate at higher temperatures, voltages and frequencies while maintaining excellent efficiency. This leads to an increase in power density, a reduction in energy loss, and an enhancement in the reliability of electronic components and systems. Therefore, riding on the wave of the surging demand in the renewable energy and AI fields, innovative wide-bandgap semiconductor materials represented by silicon carbide have a significant impact on the semiconductor industry. Silicon carbide materials have become one of the cornerstones for empowering energy transformation and achieving the core development goals of AI.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

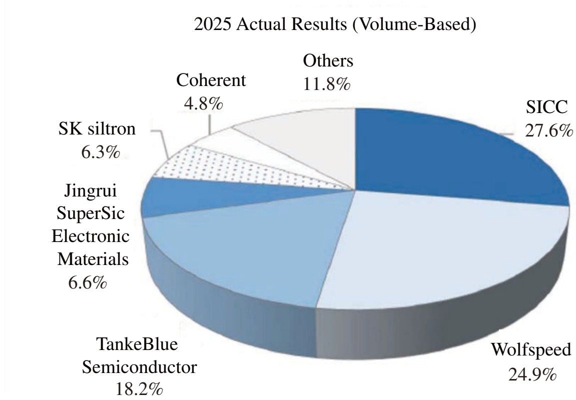
The Company is a globally leading producer of wide-bandgap semiconductor materials. Since its establishment, it has been focusing on the R&D and industrialization of high-quality silicon carbide substrates. The Company has been dedicated to the field of silicon carbide substrates for over 15 years. It has established business cooperation relationships with more than half of the top ten global power semiconductor device manufacturers and is committed to providing customers with high-quality silicon carbide substrates. Through technological innovation, the Company continuously enhances the performance of its customers' products in various industries. The Company mainly offers 4-inch, 6-inch, 8-inch and 12-inch silicon carbide substrates. It is one of the few companies in the world that can simultaneously provide conductive and semi-insulating silicon carbide substrates in various sizes.

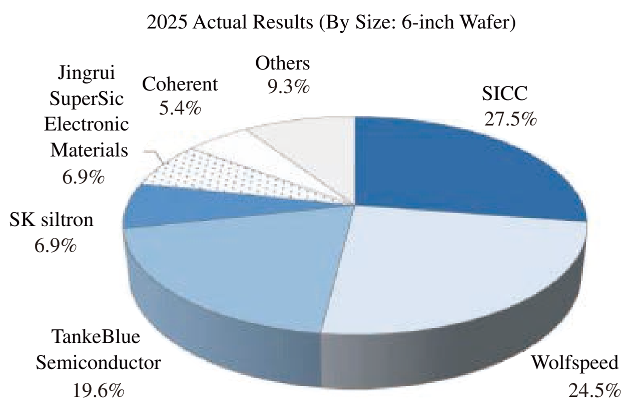
The Company is a pioneer and innovator in the R&D and production of silicon carbide substrates. We are one of the few market participants globally capable of mass-shipping 8-inch silicon carbide substrates. Thanks to the Company's in-house R&D capabilities, the Company has mastered core technologies covering all stages of silicon carbide substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing, and quality inspection. This has enabled the Company to mass-produce 8-inch silicon carbide substrates in 2023 and launch the industry's first 12-inch silicon carbide substrate in November 2024, successfully overcoming the challenges in controlling high-quality growth interfaces and defects in silicon carbide substrate production. In 2025, the Company completed the layout of a full range of large-size products, including 12-inch conductive N-type and conductive P-type, and 12-inch semi-insulating silicon carbide substrates. As of now, the 12-inch silicon carbide substrate products have received orders from leading customers and been delivered, which marks an important step towards the era of large-size silicon carbide substrates.

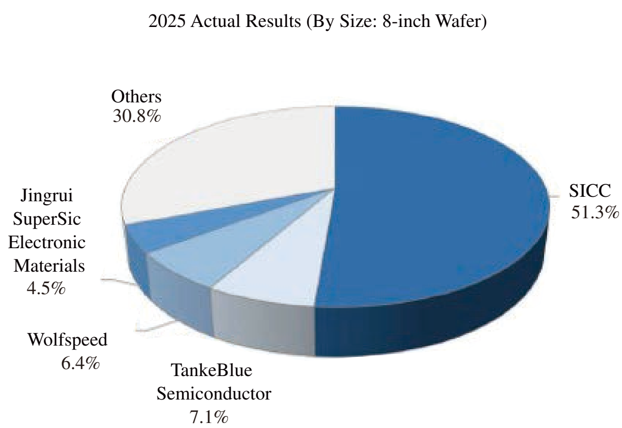
Through continuous in-depth exploration in the field of materials science, the Company is providing core support for the two major industries of new energy and AI with innovation in silicon carbide materials, empowering the future technological revolution. The Company has become an important supplier to well-known international semiconductor companies, and its products have also gained wide recognition internationally. We have established business cooperation relationships with more than half of the world's top ten power semiconductor device manufacturers. The Company's silicon carbide substrate products can be widely used in fields such as new energy vehicles, AI data centers, photovoltaic systems, AI glasses, rail transit, power grids, household appliances, and advanced communication base stations. The Company is one of the few global companies that can achieve mass production of 8-inch silicon carbide substrates and the first to commercialize silicon carbide substrates from 2 inches to 8 inches. It is also the first company to launch 12-inch silicon carbide substrates, and one of the first to use the liquid-phase method to produce P-type silicon carbide substrates. To date, the Company has completed the technical research on the full range of 12-inch conductive N-type, conductive P-type and semi-insulating products, with some products having received orders from leading customers and been delivered, further consolidating the Company's leading position in the global silicon carbide substrate industry.

The Company has formed a comprehensive technical system covering key production links of silicon carbide substrates, such as equipment design, thermal field design, powder synthesis, crystal growth, substrate processing, and quality inspection. The Company's independent technical toolkit enables it to reach the world-class level in product defect control and cost optimization. According to the data from the intellectual property research company under Yole, the Company ranks among the top five globally in silicon carbide substrate patents.

The global silicon carbide substrate market is dominated by a few leading enterprises, which have significant advantages in terms of technical strength, production scale, brand awareness, and recognition. According to a report released by Fuji Keizai Japan in March 2026 (as shown in the figure below), in the global conductive silicon carbide substrate material market in 2025, SICC had a market share of 27.6%, ranking first globally; among them, the market share in the 6-inch segment was 27.5%, and the market share in the 8-inch segment was 51.3%, fully reflecting the Company's global market position.







(III) Principal Business Models

1. *R&D Model*

Our R&D work is led by the R&D team and operates under a hierarchical project-based management system. The process is as follows:

1.1 Our employees submit demand applications to the R&D team based on information collected in daily operations, cooperation with industry participants, market research, and analysis of customer feedback;

1.2 After the demand application is approved, the R&D team selects the project leader and project team members, forms a designated project group. The project leader then writes the "Project Initiation Report", including the project name, background, feasibility analysis, project objectives, and financial budget;

1.3 The project group writes the R&D design plan according to the project requirements, refines the experimental plan and schedule, and completes experimental verification based on the design plan;

1.4 The project leader, considering the project plan and delivery completion status, determines that all project objectives are met, initiates a project acceptance application, writes the "Project Acceptance Report", and submits it to the R&D team for review;

1.5 After project acceptance, the R&D team evaluates the R&D results and takes various measures to protect intellectual property.

2. *Procurement Model*

The production of silicon carbide substrates relies on high-quality raw materials. Their intrinsic quality directly affects the efficiency, reliability, and effectiveness of silicon carbide substrates, making them indispensable for the production of advanced semiconductor devices. Therefore, the largest suppliers of high-quality raw materials usually choose to cooperate with leading market participants like our Company, which demonstrates a commitment to excellence and innovation. By establishing long-term cooperative relationships with these largest suppliers, the Company ensures a stable supply of necessary resources, enabling the Company to maintain consistent quality and performance standards in silicon carbide substrates and thus consolidating its competitive position in the market.

The Company purchases various materials and equipment required for manufacturing silicon carbide substrates, including carbon powder, silicon powder, graphite insulation materials, and equipment for crystal growth, slicing, grinding, and polishing. To mitigate the potential impact of rising raw material costs, the Company mainly enters into long-term cooperation agreements with suppliers of key production materials such as graphite insulation materials, maintains close communication, and implements strategic procurement. The Company implements a regular review mechanism, considering the Company's inventory levels, sales prospects, and market trends to monitor the Company's raw material costs.

The Company has determined a list of qualified suppliers so that it can select the most suitable raw material suppliers according to the procurement plan. The Company's procurement plan is formulated based on production progress, inventory levels, supplier delivery times, and product lifespans. After the procurement plan is approved, the Company's procurement department will conduct price inquiries and evaluate potential suppliers based on criteria such as the suppliers' basic information, price, quality, qualification documents, and delivery times. To cope with potential price increases from suppliers, we also evaluate other similar suppliers simultaneously to reduce the impact on our raw material costs.

3. Production Model

The Company's production model is conducive to meeting different customer needs, improving the on-time order delivery rate, product quality consistency, and customer satisfaction, and helps control inventory levels and improve capital utilization efficiency.

The Company has developed and implemented an information system to handle customer orders and control the production process. By combining artificial intelligence digital simulation and big data technology, the Company automates the production process of silicon carbide substrates. On the one hand, intelligent production can reduce the risks caused by human intervention, which is crucial for preparing high-quality silicon carbide substrates. On the other hand, high-level automation can effectively optimize labor costs in production, laying a solid foundation for the Company's technological upgrading and product iteration.

The Company has established a comprehensive production-stage control plan to ensure comprehensive production and product quality control. When product quality non-conformance issues occur, the Company will initiate the non-conforming product control procedure, including non-conforming product review, root-cause analysis, and the designation of corrective and preventive measures. The Company's production process management measures help prevent non-conforming products from flowing out and reduce the recurrence of quality problems.

4. Marketing Model

The Company adopts a direct sales model and has an experienced and well-trained sales and marketing team, which actively identifies market opportunities and designs sales strategies.

The Company's sales and marketing team is mainly responsible for contacting customers and providing after-sales services for them. Adopting the direct sales model enables us to achieve the following advantages:

4.1 Obtain real-time and unfiltered feedback about our products from customers;

4.2 Accurately understand customer preferences and identify areas for improvement;

4.3 Respond to customer requirements to provide high-quality products that meet customer needs;

4.4 Rely on first-hand customer insights to quickly adapt to changing market demands or customer preferences, and thus formulate flexible marketing strategies;

4.5 Improve the customer experience by directly addressing customer concerns, thereby increasing satisfaction and loyalty.

The Company mainly wins customers by carrying out continuous, comprehensive and in-depth cooperation with top companies in different application fields, as well as other targeted marketing and promotion activities, leveraging its good brand reputation and great industry influence.

Newly Added Significant Non-Principal Businesses

☐Applicable ✓Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

DISCUSSION AND ANALYSIS OF OPERATING CONDITIONS

(I) Operating Conditions of the Company

1. Seizing the opportunities arising from the improvement in the industry supply-demand landscape, and promoting the gradual restoration of the operational quality

During the Reporting Period, the silicon carbide industry has seen its competitive landscape further stabilized, after experiencing price competition, inventory digestion and the elimination of inefficient production capacity in the prior period, and the industry's operating logic has gradually shifted from disorderly expansion and price bargaining in the early stage to a stage of high-quality competition centered on technological capabilities, product quality, stable delivery, customer certification and large-scale manufacturing, with effective supply further concentrated among leading enterprises. As a leading global enterprise in silicon carbide substrates, the Company's global market share has been gradually increasing.

During the Reporting Period, the Company achieved operating revenue of RMB914 million, representing a year-on-year increase of 15.10%, and a comprehensive gross profit margin of 22.86%; it recorded a net profit attributable to shareholders of the listed company of RMB -58.6166 million, and a net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses of RMB -87.3384 million; basic earnings per share, diluted earnings per share and basic earnings per share after deducting non-recurring gains and losses all decreased year-on-year. On a quarterly basis, in the second quarter of 2026, the Company achieved operating revenue of RMB548 million, setting a new historical high for a single quarter, representing a year-on-year increase of 42.06% and a quarter-on-quarter increase of 49.97%, with a quarterly gross profit margin of 25.36%, and achieved a net profit attributable to shareholders of the listed company of RMB1.893 million for the single quarter.

In terms of operating conditions, the Company operated at full production capacity during the first half of the year, with significantly strengthened downstream order demand and noticeably increased customer demand compared with the prior period. The expansion of industry demand and the clearance of supply formed a resonance, leading to a tightening of the supply-demand relationship in the industry chain. Against this backdrop, leveraging its quality advantages in large-size products, large-scale production capabilities and stable delivery capabilities, the Company was positioned to capture the order releases arising from the recovery in industry, which helped to drive continued improvements in revenue quality, gross profit margin and capacity utilization rate, laying a foundation for further enhancement of performance in the future.

2. ***Focusing on the expansion of large-size products to promote the continuous optimization and upgrading of the product structure***

The large-size trend is one of the core directions to reduce costs, increase efficiency and expand applications in the silicon carbide substrate industry, and also a key endogenous variable for the Company's operational improvement in the first half of 2026. During the Reporting Period, the Company followed the industry's upgrade trend from 6-inch to 8-inch, and proactively laid out 12-inch products, forming a relatively clear product echelon of "stable supply of 6-inch, accelerated expansion of 8-inch, and continuous breakthrough in 12-inch". Among them, 8-inch products have gradually moved from the technological leadership stage to mainstream applications, and the revenue contribution from the Company's 8-inch products as a percentage of its principal operating revenue has exceeded 50%. According to Fuji Keizai, the Company's global market share in 8-inch conductive silicon carbide substrates reached 51.3% in 2025, ranking first globally.

The importance of 8-inch substrates lies in the fact that their larger available area helps to increase the output per wafer, improve the economics of device manufacturing, and promote the compatibility optimization of downstream production lines and equipment. Meanwhile, the total investment of global silicon carbide power device manufacturers in 8-inch projects continues to increase, and the industry's switch to 8-inch substrates has become a clear trend.

In terms of larger-size layout, the Company launched the industry's first 12-inch silicon carbide substrate in November 2024 and completed the technological breakthroughs for the full range of 12-inch conductive N-type, conductive P-type, and semi-insulating products in the first quarter of 2025. Currently, the 12-inch products have received orders from leading customers, which means the Company is at the forefront of the industry in the direction of next-generation large-size substrates. The significance of the 12-inch substrate is not just for technology demonstration. More importantly, the mass production of 12-inch substrates will enable the successful implementation of many emerging fields. As an advanced platform material, SiC will further reduce the unit cost in many fields and open up a larger commercialization space.

From the perspective of industrial competition, those who can take the lead in completing mass production and customer introduction from 6-inch to 8-inch and then to 12-inch substrates will have a better chance of taking the initiative in the next round of industry competition. During the Reporting Period, the Company's performance in increasing the proportion of 8-inch substrates and continuously promoting 12-inch substrates reflects its coordination ability in three aspects: technology roadmap selection, production capacity building, and customer verification. It also strengthens the foundation for future profitability and further improvement in market share.

3. *Deepen cooperation with leading customers and continue to expand diversified application scenarios, including new energy and AI*

During the Reporting Period, the Company further deepened its cooperation with leading customers in various industries, and strengthened its cooperative relationship with key customers in fields such as new energy vehicles, data centers, advanced packaging, and micro-nano optics, demonstrating the Company's comprehensive competitiveness in the key material link of the industrial chain. The Company has long adopted a direct sales model. Relying on the linkage mechanism of sales, R&D, and production, it can quickly respond to customer needs and participate in customers' pre-verification, product definition, and process optimization, thus enhancing the depth of cooperation and customer stickiness.

In the fields of new energy vehicles and power devices, the Company continues to serve globally leading customers. The Company has established cooperative relationships with more than half of the top ten global power semiconductor device manufacturers and formed a long-term and stable cooperation ecosystem with international customers. During the Reporting Period, the trend of large-sized products in the industry was further confirmed. As the economic efficiency of the Company's large-sized products continued to improve and the industry switched from 6-inch to 8-inch products, the Company further deepened its cooperative relationships with customers through large-sized products. Meanwhile, as silicon carbide substrates are key materials for device manufacturing and need to go through complex verification procedures such as epitaxy, chip manufacturing, and packaging testing, downstream customers usually do not easily change suppliers once they complete the verification, resulting in strong customer stickiness among leading customers.

During the Reporting Period, the Company continued to promote various technical cooperations with downstream customers. For example, in the field of micro-nano optics, the Company continues to provide optical-grade silicon carbide products to leading global customers. In the power supply solutions for AI data centers, the Company cooperated closely with global leading power device manufacturers in the R&D of next-generation power management chips. In the field of advanced packaging, the Company cooperated with global leading customers to promote the application breakthrough of SiC. At the same time, in the direction of chip heat dissipation, the Company has successfully applied semi-insulating silicon carbide substrates to the heat dissipation layer of high-power laser chips, which verifies the feasibility of large-scale application of silicon carbide heat dissipation in the industrial end. These cooperations not only reflect the Company's forward-looking layout in emerging application directions but also mark that the Company is extending from a single-material semiconductor device material supplier to a more extensive advanced material platform-type enterprise.

In addition, the Company continued to deepen its relationships with important partners. For instance, in April 2026, the Company received the "Sustainability Supply Chain Excellence Award (BoM) Gold Award" from Foxconn Group, further deepening the cooperation between the two parties at the silicon carbide industry level. The continued stability of such cooperative relationships reflects the sustained penetration of silicon carbide across different industries and the continuous emergence of new applications; on the one hand, it helps the Company maintain order resilience during industry fluctuations and further enhance its global influence; on the other hand, it also demonstrates the vast potential for future development of the silicon carbide industry.

Generally speaking, the Company is deeply integrated into the silicon carbide industry value chain and has established a close cooperation ecosystem with upstream and downstream enterprises. Centered on advanced technical capabilities, the Company accurately grasps the latest needs of global customers, connects with top-notch global supply chain resources, continuously promotes the penetration rate of large-sized and high-quality silicon carbide substrate products in various fields, and finally achieves win-win results in the industrial chain and continuously enhances its global influence.

(II) R&D and Innovation Situation

The silicon carbide substrate industry is highly technology-intensive, with a complex preparation process and high technological barriers. The core competitiveness largely depends on the basic research of materials, crystal growth, defect control, processing technology, equipment design, and industrialization synergy ability. Maintaining technological leadership is the Company's long-term strategic focus. In the first half of 2026, the Company continued to make continuous investments in basic research, product development, and engineering optimization, strengthened its independent innovation ability, and promoted the mutual promotion of technological progress and industrialization ability.

In the first half of 2026, the Company's R&D expenses were RMB74.5744 million, remaining largely flat compared with the same period of the previous year. The R&D investment was mainly used for the yield improvement and cost reduction of 12-inch silicon carbide substrates and 8-inch substrates, as well as the development of P-type substrates and emerging fields such as optics and advanced packaging. During the period of industry downturn, the Company did not reduce its R&D investment but continued to increase the layout of forward-looking technologies and new application directions, demonstrating a strong determination for long-term investment.

From the perspective of technological direction, the Company continued to promote R&D in the directions of larger size, lower defects, lower cost, liquid-phase method, P-type substrates, and new application materials. The Company pioneered the use of the liquid-phase method to produce 8-inch silicon carbide substrates without macroscopic defects in the industry, breaking through the difficulties in interface control and defect control for high-quality growth of silicon carbide single crystals. At the same time, the Company is also one of the first companies to use the liquid-phase method to produce P-type silicon carbide substrates, which provides technical support for the expansion of scenarios such as smart power grids and high-voltage high-power devices.

During the Reporting Period, the Company continued to strengthen its R&D system based on the "sales-R&D-production" linkage mechanism. The Company conducts research and development focused on addressing the pain points of existing products and meeting the strategic needs of downstream key customers, and continuously optimized and iterated products based on customer feedback, so that R&D achievements could be more quickly transformed into industrialization ability and customer value. For the material industry, such as silicon carbide, with a long verification cycle and high requirements for industrial chain synergy, this mechanism is conducive to forming a positive cycle between technological innovation and market expansion for the Company.

In terms of intellectual property achievements, based on continuous R&D investment, the Company has formed a relatively systematic accumulation of intellectual property and technological barriers. As of the end of the Reporting Period, the Company and its subsidiaries had obtained a total of 209 authorized invention patents and 294 authorized utility model patents, including 14 overseas invention patents. During the Reporting Period, the Company filed 9 new applications for invention patents and utility model patents, including 8 invention patents and 1 utility model patents.

From the perspective of talent and organizational capabilities, the Company continued to build a global highland for silicon carbide talents. As of the end of the Reporting Period, there were 66 master's and doctoral degree holders among the Company's R&D personnel, accounting for 38.15% of the total R&D personnel. The Company has two experts enjoying special government allowances from the State Council and winners of the Youth May Fourth Medal, and has gathered 7 national-level talents, 16 provincial-level talents, and 16 municipal-level talents. In the future, we will continue to optimize the talent matrix and further improve the R&D team with a multidisciplinary background covering materials science, electronic engineering, physics, chemistry, mechanical engineering, etc., to support the Company's continuous progress in basic research, product development, and engineering transformation.

In the first half of 2026, the Company's R&D and innovation achievements were also reflected in many external honors: The national standard "Test method for stacking faults of polished monocrystalline silicon carbide wafers" (GB/T 47082–2026), which was led by the Company in its formulation, was issued on 28 January 2026; this standard systematically standardizes, for the first time, the test method for stacking faults of polished monocrystalline silicon carbide wafers, filling a domestic gap and providing the industry with a unified testing basis and quality evaluation system. In addition, the national standard "monocrystalline silicon carbide" (GB/T 47404–2026), in which the Company participated in the formulation, was issued on 31 March 2026; by leading or participating in the formulation of national standards, the Company has significantly enhanced its own technological strength and industry influence. By virtue of its excellent product quality, stable supply assurance and in-depth collaborative innovation, the Company was named a "Preferred Supplier" by the Bosch Group. As one of the highest recognitions granted by the Bosch Group to the most outstanding partners in its global supply chain, this designation is only awarded to the top 20% of high-quality suppliers. Furthermore, based on its outstanding performance in supply chain stability, green manufacturing and sustainable governance, the Company received the "Sustainability Supply Chain Excellence Award (BoM) Gold Award" from Foxconn Group. The Company's product and technology strengths and ESG management system continue to receive high recognition from customers.

Overall, in the first half of 2026, the Company continued to promote R&D and innovation, insisting on high-intensity investment and maintaining the pace of technological progress unchanged amidst industry fluctuations. It made forward-looking layouts around the trends of larger sizes and new applications, which not only benefited to increase its current market share but also laid the foundation for future industrial upgrading. At the same time, the Company strengthened the transformation of R&D achievements into mass production and customer value, and continuously promoted the formation of a virtuous cycle from technological breakthroughs to industrial competitiveness. These efforts will strongly support the Company's further expansion in the 8-inch market, continuous breakthroughs in the 12-inch market, as well as the exploration of new application areas such as green and low-carbon applications, AI data centers, micro-nano optics, and advanced packaging in the future.

(III) Interim Results and Honours

In the first half of 2026, the Company won multiple honors in areas such as Party building, technological innovation, brand building, and sustainable development, demonstrating its industry influence and comprehensive strength, and winning wide recognition from the industry, the capital market, and all sectors of society.

1. *In terms of Party building*

In 2026, pursuant to the work deployment of the Organization Department of the Municipal Party Committee on the regular implementation of the "Learning from Role Models Around Us" campaign, the campaign was extensively carried out across the city under the theme of "Firmly Taking on Responsibilities for High-Quality Development — Serving the People with Practical Actions to Open Up a New Chapter". Following a process of recommendation level by level, review and vetting, comprehensive comparison and selection, collective deliberation and public disclosure, a total of 20 individuals and 5 collectives were designated as municipal-level "Role Models Around Us". The Company's Party Committee was recognized as a role model collective of Jinan. In June 2026, the Company's Party Committee was awarded the title of "Advanced Primary-Level Party Organization of Shandong Province".

2. *In terms of technological innovation*

The national standard "Test method for stacking faults of polished monocrystalline silicon carbide wafers" (GB/T 47082–2026), which was led by the Company in its formulation, was issued on 28 January 2026; this standard systematically standardizes, for the first time, the test method for stacking faults of polished monocrystalline silicon carbide wafers, filling a domestic gap and providing the industry with a unified testing basis and quality evaluation system. In addition, the national standard "monocrystalline silicon carbide" (GB/T 47404–2026), in which the Company participated in the formulation, was issued on 31 March 2026; by leading or participating in the formulation of national standards, the Company has significantly enhanced its own technological strength and industry influence.

3. ***In terms of brand building***

By virtue of its excellent product quality, stable supply assurance and in-depth collaborative innovation, the Company was named a "Preferred Supplier" by the Bosch Group. As one of the highest recognitions granted by the Bosch Group to the most outstanding partners in its global supply chain, this designation is only awarded to the top 20% of high-quality suppliers. Furthermore, based on its outstanding performance in supply chain stability, green manufacturing and sustainable governance, the Company received the "Sustainability Supply Chain Excellence Award (BoM) Gold Award" from Foxconn Group.

4. ***In terms of sustainable development***

The Company actively practices the green development concept, organizes a series of themed activities around major environmental protection festivals, and continuously promotes sustainable environmental development. On 12 March 2026, a tree-planting activity was carried out within the factory premises to beautify the park environment and enhance employees' ecological awareness through practical actions; on April 22, World Earth Day, a youth low-carbon action plan was launched in collaboration with Shandong University of Finance and Economics, popularizing environmental protection knowledge and advocating green lifestyles through a series of campus activities, encouraging young students to actively engage in environmental protection practices; on June 5, World Environment Day, a special publicity event was organized in cooperation with the Jinan Municipal Bureau of Ecology and Environment to broadly disseminate the concept of ecological civilization to the public. The implementation of these series of activities not only demonstrates the Company's mission and commitment as a responsible enterprise, but also contributes positively to promoting regional green and low-carbon development.

ANALYSIS AND OUTLOOK ON CHANGES IN FINANCIAL INDICATORS UNDER NON-ENTERPRISE ACCOUNTING STANDARDS

☐Applicable ✓Not applicable

SIGNIFICANT CHANGES IN THE OPERATING CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD AND EVENTS WHICH HAVE HAD, OR ARE EXPECTED TO HAVE, A SIGNIFICANT IMPACT ON THE OPERATING CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD AND IN THE FUTURE

☐Applicable ✓Not applicable

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

(I) Analysis of Core Competitiveness

✓Applicable ☐Not applicable

1. ***Leading the industry with large-size technology and making forward-looking layout of full-matrix products***

The large-sizing of silicon carbide substrates is one of the core directions for the industry to reduce costs, increase efficiency and expand applications. Since its establishment, the Company has continuously laid out the R&D and industrialization of silicon carbide substrates of different sizes and types, and has formed a strong first-mover advantage in size upgrading. During the Reporting Period, the Company not only continuously improved the mass-supply capacity of 8-inch products and deepened customer adoption, but also completed the technical breakthrough of the full-series products of 12-inch conductive N-type, conductive P-type and semi-insulating silicon carbide substrates, and took the lead in establishing a full-matrix layout of next-generation large-size products in the industry.

The Company is one of the few global enterprises capable of mass-producing 8-inch silicon carbide substrates and is also the first to launch 12-inch silicon carbide substrates. Data shows that the size of the Company's mass-produced silicon carbide substrates has been upgraded from 2 inches to 8 inches, and the industry's first 12-inch silicon carbide substrate was launched in 2024. In 2025, the Company continued to promote customer demonstrations, sample verifications and technology improvements for 12-inch conductive and semi-insulating products, further consolidating its leading position in the ultra-large-size field. During the industry's transition from 6-inch to 8-inch, the Company has completed the transformation from "technological leadership" to "mainstream products and large-scale customer adoption". The continuous increase in the proportion of 8-inch products not only indicates that the Company has made accurate judgments on the technical route, but also shows that the Company has formed high barriers in terms of the quality, delivery and customer verification of large-size products.

From an industrial trend perspective, the significance of 8-inch products lies in their ability to significantly increase the chip output per wafer, improve equipment compatibility and reduce comprehensive costs. The chip output per 8-inch substrate is about twice that of a 6-inch substrate. At the same time, the progress of crystal growth technology has promoted the mass production of 8-inch conductive substrates, and the larger available substrate area has driven down the unit comprehensive cost. The Company's early completion of the industrialization of 8-inch products and their mainstream application in 2025 means that it is not only at the forefront of technology but also effectively meets the downstream customers' needs for cost optimization and production line upgrading.

In the layout of larger sizes, the 12-inch products further strengthen the Company's next-generation competitive barriers. The area of 12-inch products is larger than that of 8-inch products, which is expected to further reduce unit costs and improve economic efficiency. At the same time, the further development of many downstream emerging fields such as advanced packaging and AI optics urgently needs the large-scale mass production of 12-inch products. Currently, the Company has completed the full-product large-size layout of 12-inch conductive N-type, conductive P-type and semi-insulating products, marking that the Company has officially entered the forefront of the global silicon carbide large-size technology competition.

While leading in large-size technology, the Company's cutting-edge process layout has also deepened its technological leadership. The Company pioneered the use of the liquid-phase method to prepare P-type silicon carbide substrates without macroscopic defects in the industry, breaking through the problems of high-quality growth interface control and defect control of silicon carbide single crystals. At the same time, the Company is also one of the first to use the liquid-phase method to produce P-type silicon carbide substrates. Compared with traditional methods, the liquid-phase method can better control growth parameters, make the doping distribution more uniform, and is particularly suitable for high-power and high-voltage scenarios. It has strategic value for the Company in high-voltage power grids, P-type substrates and the development of higher-quality large-size products in the future.

Overall, the Company's core competitiveness in the large-size route is not only reflected in the early launch of large-size products, but also in the establishment of a complete cycle from technological leadership, process method breakthroughs, customer collaborative development and verification to largescale stable delivery. The mainstream application of 8-inch products and the full-matrix layout of 12-inch products enable the Company to have a strong initiative in both the current and next-stage industry competition.

2. Empowering the diversified application ecosystem capabilities driven by the "AI + new energy" dual engines

The Company has a profound understanding of the underlying characteristics of silicon carbide materials, the requirements of downstream scenarios, and the direction of industrial evolution. At the same time, it has rich experience in conducting collaborative R&D and product definition around customer needs. During the Reporting Period, the Company's products and technologies continued to penetrate into a wider range of scenarios driven by new energy and AI, demonstrating strong ecosystem-enabling capabilities.

Silicon carbide materials have diverse physical properties. Existing data clearly shows that it has characteristics such as high band-gap width, high breakdown electric field strength, high electron saturation drift velocity, high thermal conductivity, and high refractive index, and can be applied in various downstream products such as power devices, radio-frequency devices, optical waveguides, heat-dissipation components, and filters. Combining user requirements, the Company's understanding and application layout of SiC materials are not limited to the "electrical" direction but have further extended to directions such as optics and thermal management, reflecting the systematic development ability of the material's multiple physical properties.

In the new energy field, silicon carbide materials have been widely used in scenarios such as electric vehicles, photovoltaic energy storage, power grids, rail transit, charging facilities, and household appliances. As the power density and energy-efficiency requirements in various sub-scenarios of power electronics increase, the foundation for the application of silicon carbide materials in new energy continues to expand and shows signs of acceleration.

In the fields of advanced packaging and high-end heat dissipation, silicon carbide can be used in semiconductor heat-dissipation components, advanced packaging interposers, etc. due to its high thermal conductivity and high-temperature resistance. The Company has successfully applied semi-insulating silicon carbide substrates to the heat dissipation layers of downstream high-power laser chips, and continues to drive technological breakthroughs in new application scenarios such as AI, data centres and advanced heat dissipation components. These applications utilize the advantages of silicon carbide in thermal management and material stability to serve high-power and high-heat-dissipation-density scenarios in AI computing centers.

In terms of filters and advanced communications, silicon carbide has been applied in TF-SAW filters and other fields, and its penetration rate in advanced communication base stations is increasing year by year. The Company is working with customers to promote product verification and application implementation based on the material advantages of silicon carbide in high-frequency and highspeed communication scenarios.

Overall, the Company's diversified application ecosystem capabilities around "AI + new energy" continue to expand the customer industries, gradually transforming the multi-dimensional characteristics such as "electricity, light, sound, and heat" of silicon carbide materials into product capabilities that can be mass-produced, verified, and collaboratively developed. As more new downstream scenarios move from verification to large-scale production, the Company is expected to further improve its industry penetration rate and customer stickiness with its cross-scenario understanding and rapid response capabilities.

3. Globally leading large-scale mass-production capabilities and a lean manufacturing system

Against the backdrop of tight industry supply and gradually strengthening demand, the ability to stably achieve large-scale production of large-size products, ensure consistency and yield, and deliver on time to global leading customers has become a key factor in determining an enterprise's competitive position. During the Reporting Period, the Company continued to strengthen its large-scale mass-production capabilities and lean manufacturing system, forming a relatively prominent delivery advantage.

The Company has currently formed a coordinated layout of two major production bases in Lingang, Shanghai, and Jinan, Shandong. As of the end of the Reporting Period, the Company has established two production bases in Shandong and Shanghai. During the Reporting Period, the second-phase capacity improvement plans of the Shanghai factory and the Jinan factory progressed in an orderly manner, and the construction of overseas factories is gradually entering the planned stage. The perfect capacity layout enhances the Company's support ability for stable delivery to global large customers and also improves the capacity scheduling and risk-dispersion ability. The Company's rapid mass production capability for large-size products is an important manifestation of its manufacturing system. The Company's production management team has developed a complete set of rapid mass production experience from factory building construction to stable production of large-size products, and can complete the implementation from project construction to customer delivery in a relatively short period. This is also crucial for the Company's overseas production capacity layout.

In terms of yield, thickness, and consistency, the Company also has leading capabilities. Currently, the Company has solved the mass-production problem of increasing the effective crystal growth thickness, and the effective thickness exceeds the industry average. A higher effective thickness means that more substrates can be cut from a single ingot, which helps significantly reduce the unit product cost. Meanwhile, the Company's products have reached a near-zero micro-pipe level, with no stacking faults, low BPD, low TSD, and low TED densities. The Company has also implemented the "Z Plan" aiming to achieve high-quality products and defect-free delivery.

In terms of intelligent manufacturing, the Company continues to promote the construction of AI and digital meta-factories. The Shanghai factory was positioned as a smart factory from the very beginning of its design, equipped with high-performance and intelligent equipment, and continuously optimizes the process through AI and digital technologies. The Company uses information systems to conduct real-time analysis, monitoring, and early warning of production quality. By deploying robot systems and intelligent equipment units, it has achieved automation of operation control and management, and some crystal growth facilities operate unmanned. High automation and high informatization capabilities not only reduce the quality fluctuations caused by human intervention but also improve production efficiency and consistency.

Overall, the Company's diversified production capacity layout, high-consistency quality guarantee, and system ability to continuously reduce costs have laid a solid foundation for the Company to serve global leading customers, and also provided key support for the Company to remain resilient and expand its market share in the industry competition.

4. Deeply-bound global leading customer resources and international brand influence

In the silicon carbide substrate industry, customers have high entry thresholds, long verification cycles, and high replacement costs. Therefore, leading high-quality customers are the cornerstone of the Company's long-term development. After years of accumulation, the Company has established stable cooperative relationships with global leading power semiconductor enterprises and leading customers in multiple emerging fields, forming a stable and in-depth customer ecological advantage.

Currently, the Company has established business cooperation relationships with more than half of the top ten global power semiconductor device manufacturers and has entered the important supply chain of well-known international semiconductor companies. This cooperation relationship reflects the Company's comprehensive strength in terms of quality, stability, delivery, and technical services.

In terms of brand and market position, the Company has developed strong international influence. The Company's steady development has earned widespread recognition and respect from leading customers. During the Reporting Period, it was named a "Preferred Supplier" by the Bosch Group and received the "Sustainable Excellence Supply Chain Award (Materials Category) Gold Award" from Foxconn Group, fully demonstrating the Company's influence in industry pricing, understanding and formulation of industry standards, and industrial chain collaboration.

Overall, the Company's deeply-bound global leading customer resources and international brand influence have become an important barrier in the industry competition. As the Company further improves its global marketing and capital network through the "A + H" platform and continuously enhances its supply ability of 8-inch and 12-inch products, it is expected to further increase its market share and brand influence globally.

(II) Events During the Reporting Period that Materially and Adversely Affected the Company's Core Competitiveness, Impact Analysis and Remedial Measures

☐Applicable ✓Not applicable

(III) Core Technologies and Research and Development Progress

1. *Core technologies, their advanced nature and changes during the Reporting Period*

The Company has mastered core technologies covering all stages of silicon carbide substrate production, including equipment design, hot-zone design, powder synthesis, crystal growth, substrate processing and innovative material quality characterization. The Company's success is attributable to its proprietary technologies. The Company is committed to independent research and development and has established a comprehensive intellectual property protection system.

(1) Defect control technology in the silicon carbide crystal growth process

Defects in silicon carbide materials include micropipes, polytype inclusions, dislocations and stacking faults. Micropipes are threading defects ranging from several microns to tens of microns in size and represent killer defects for devices. Silicon carbide materials encompass over 200 crystal structures; to ensure the acquisition of the desired crystal structure and avoid common defects such as polytype inclusions, precise control of various parameters including temperature, pressure and gas flow is critical. Thermal stresses arising from temperature gradients in the thermal field of silicon carbide crystal growth, as well as fluctuations in temperature, composition and growth step during the growth process, can readily introduce dislocations, stacking faults, point defects and other defects, thereby affecting the quality and performance of subsequent epitaxy and devices.

We have (i) achieved crystal growth of a single 4H polytype and near-zero micro-pipe density through the design of crystal nucleation processes that control uniform and ordered nucleation at the seed crystal interface;

(ii) achieved a highly uniform crystal growth thermal field and stable growth step control through the design of thermal field structures and crystal growth chamber configurations, effectively reducing internal stresses and induced defects such as dislocations and stacking faults during crystal growth, and substantially improving crystal quality;

(iii) achieved the commercialization of high-quality silicon carbide substrates with threading screw dislocation densities below 60cm-2 and optimally controlled at below 1cm-2, through research on the generation and conversion mechanisms of threading dislocations and innovations in dislocation elimination processes; and

(iv) achieved precise regulation of the C/Si composition ratio at the growth interface through characterization of point defects and research on their generation and elimination mechanisms, ensuring control over the types and concentrations of point defects within the crystal. These technologies enable us to achieve stable and controllable quality in the continuous growth of high-quality silicon carbide crystals.

The above defect control technologies have undergone continuous iteration and optimization, providing core support for the high-yield mass production of 8-inch and 12-inch large-size substrates. The production yield of the Company's 8-inch substrates continues to improve, and with the increase in effective crystal growth thickness and the enhancement of fine-tuning capabilities for process parameters, unit production costs continue to decline.

(2) *Silicon carbide crystal growth equipment and thermal field design and manufacturing technology*

Our silicon carbide crystal growth equipment adopts a high-vacuum system structure that achieves an extremely high vacuum level while maintaining an exceptionally low high-temperature vacuum leak rate, ensuring the purity of the silicon carbide powder and the silicon carbide crystal growth chamber. In addition, we continue to enhance the automation level of our silicon carbide crystal growth equipment, which, in combination with crystal growth control software systems, enables automated loading, furnace sealing and automated control prior to crystal growth, as well as real-time monitoring of all parameters including furnace temperature, vacuum level and gas flow rate during the crystal growth process, thereby ensuring the stability and controllability of the crystal growth process.

The silicon carbide crystal growth thermal field is the core of silicon carbide crystal growth, determining key reaction conditions such as the axial and radial temperature gradients and gas-phase flow field during crystal growth. The core of thermal field configuration lies in establishing reasonable axial and radial temperature gradients to ensure that the crystals grown within the thermal field exhibit low intrinsic internal stress while maintaining a reasonable and controllable growth rate. Our thermal field simulation and modelling team employs professional silicon carbide thermal field simulation software for thermal field design, enabling precise thermal field simulation, modelling and design for different types and sizes of silicon carbide crystals, thereby meeting the technical requirements of crystal growth.

(3) *High-purity silicon carbide powder preparation technology*

Silicon carbide powder is the raw material for silicon carbide crystal growth. Due to the synthesis environment and the presence of irremovable impurities in the raw and auxiliary materials, the synthesized silicon carbide powder inevitably introduces a significant amount of impurities, which directly affect the purity and electrical properties of the crystals. We have developed a powder reaction chamber with high vacuum level, employed high-purity graphite insulation materials, and designed a specialized reaction process, thereby obtaining ultra-high-purity silicon carbide powder particles with the concentration of major electrically active impurities controlled below 0.05 ppm. In addition, through crushing, sieving and our self-developed cleaning processes, powders of different particle sizes can be obtained, thereby ensuring the preparation of high-quality silicon carbide crystals.

(4) *Precise impurity control technology and electrical performance control technology*

The electrical properties of semiconductors are determined by the types and concentrations of impurities in the semiconductor materials. To achieve the high-resistivity electrical characteristics of semi-insulating silicon carbide substrates, impurity concentrations in the crystals must be controlled at extremely low levels; to achieve the low-resistivity electrical characteristics of conductive silicon carbide substrates, high-concentration nitrogen elements must be introduced into the crystals. Therefore, precise control over impurities entering the crystals during the growth process is of critical importance.

For semi-insulating silicon carbide substrates, based on our self-developed high-vacuum single crystal growth chambers and high-purity silicon carbide powders, we have further developed in-situ purification technology during crystal growth and C/Si composition control technology at the crystal growth interface, effectively reducing impurity concentrations in the crystals and achieving control over the types and concentrations of point defects, resulting in stable high-resistivity characteristics.

For conductive silicon carbide substrates, on the basis of stable gas-phase composition control, we have further achieved substrates free of characteristic growth facets for high-nitrogen doped growth through optimized thermal field design and growth methods, reducing the in-plane resistivity variation to below 1 mΩ•cm. At the same time, to further enhance substrate performance, we have developed conductive silicon carbide substrates with ultra-low resistivity, overcoming the challenges of defect control, stress management and substrate flatness control under ultra-high nitrogen doping conditions.

(5) *Ultra-precision processing technology for silicon carbide substrates*

The Company has long been dedicated to the core technologies of ultra-precision processing for silicon carbide substrates, and has established an independent process system covering the entire chain of cutting, grinding and polishing, providing solid support for the quality enhancement and scalable mass production of 8-inch silicon carbide substrates. Through continuous optimization of processing loss control, unit output has steadily increased and manufacturing costs have continued to decline, effectively safeguarding the core competitiveness of our products. At the same time, the Company has taken the lead in deploying 12-inch optical-grade silicon carbide substrate processing technology, achieving precise control of TTV (Total Thickness Variation), which can fully meet the stringent requirements of downstream high-end applications such as optical waveguides for substrate surface profile accuracy.

① High surface profile quality multi-wire slicing technology

In response to the material characteristics of silicon carbide–Mohs hardness of 9.2, hard and brittle nature with difficult machinability, which are prone to mechanical damage such as micro-cracks, dislocations, scratches and edge chipping–the Company has conducted in-depth research on subsurface damage mechanisms and independently developed fine-wire and thin-wafer multi-wire slicing processes. These processes effectively control the depth of subsurface damage while significantly reducing slicing loss, with processing efficiency and yield both reaching industry-leading levels, contributing to the continuous optimization of overall manufacturing costs.

② High-efficiency low-loss laser slicing technology

The Company has systematically investigated the interaction mechanisms between lasers and silicon carbide materials, and independently developed high-efficiency low-loss laser slicing technology. This technology demonstrates notable advantages in processing efficiency and material utilization, can significantly increase the number of wafers produced per unit thickness of ingot, and has already achieved fully automated operation of the laser slicing process. As silicon carbide substrate dimensions evolve towards 12 inches, processing faces new challenges including wafer cracking, poor surface profile, low efficiency and high costs. Through laser lift-off technology, the Company has effectively reduced the stress introduced during processing, ensuring surface profile stability, and has opened up a new technological pathway for the low-cost, scalable manufacturing of large-size silicon carbide substrates.

③ Global grinding and polishing technology with high flatness and low roughness

The physical and chemical properties of silicon carbide crystals are extremely stable, and the traditional semiconductor polishing process is extremely inefficient, and it is difficult to guarantee the surface planarity and quality. The Company has broken through the efficiency bottleneck of traditional semiconductor grinding and polishing processes on silicon carbide materials, and after years of technological accumulation, has successfully developed a multi-stage chemical mechanical continuous polishing process and the supporting high-efficiency chemical mechanical polishing slurry. Through precise synergy of continuous multi-stage chemical action and mechanical removal, a smooth, flat, nearly defect-free ultra-precision processed surface is achieved, and processing efficiency and surface quality are simultaneously improved.

With the development of AR applications, the industry has put forward more stringent requirements on total thickness variation (TTV). The Company has focused on optimizing polishing processes, has overcome the problem that edge thickness is prone to collapse during large-size polishing, and has reduced the TTV of full-size substrates to below 1μm; the Company has opened up a new technological path for the low-cost, large-scale manufacturing of large-size silicon carbide substrates. Starting from the fundamental properties of interfaces, the Company has developed a double-sided CMP process, enabling the backside (C-side) of the substrate to reach the same level as the front side (Si-side), and laying a solid foundation for optical waveguide applications.

④ Surface cleaning technology of silicon carbide substrate

After chemical mechanical polishing, it is necessary to clean the silicon carbide substrate to remove submicron particles, contamination, metal ions, etc. from the surface, so as to obtain an ultra-clean surface. We have independently developed a chemical cleaning solution, developed a multi-step cleaning process, and combined with a new fully automatic drying technology, effectively removing fine particles, metal ion contamination and water spots on the substrate surface, enabling customers to use them directly after opening the package. The continuous optimization of ultra-precision processing technology has supported the rapid release of 8-inch substrate production capacity; the control of cutting, grinding and polishing losses has been further optimized, and together with the increase in effective thickness of crystal growth, the processing cost per unit of output has continued to decline. The TTV of 12-inch optical silicon carbide substrates has been further reduced, meeting the downstream market demand for silicon carbide optical waveguide substrates.

(6) Liquid-Phase Method

Different from the existing PVT technology, our liquid-phase method involves growing silicon carbide crystals from a molten silicon-carbon solution. This technology can grow crystals in a near-equilibrium state, can better control growth parameters and crystal quality; the solution environment makes the distribution of dopants within the crystal more uniform, and is particularly suitable for silicon carbide crystal growth for high-power, high-voltage power device products. By finely managing the temperature, composition and flow pattern of the melt, we can produce silicon carbide ingots with fewer defects, lower resistivity and larger size.

In April 2026, the Company's achievements related to the preparation technology of high-quality P-type substrates by the liquid-phase method were published in the renowned journal in the field of crystal growth, Journal of Crystal Growth, further breakthroughs were achieved in crystal quality, electrical uniformity, long carrier lifetime, extremely low threading defects and innovative thermal field design, the relevant P-type 4H-SiC substrates had an XRD rocking curve full width at half maximum as low as 15.6 arcsec, laying the foundation for mass production of ten-kilovolt-class power chips.

National Science and Technology Awards

✓Applicable ☐Not applicable

Award	Award Year	Project	Award Level
State Science and Technology Advancement Award	2019	Project A	First Prize

Recognition as a National Specialized and Innovative "Little Giant" Enterprise and a Manufacturing "Single Champion"

✓Applicable ☐Not applicable

Company	Recognition Title	Recognition Year	Product Name
SICC	National Specialized and Innovative "Little Giant" Enterprise	Recognized in 2020, revalidated in 2023 and 2026	Silicon carbide substrate material
SICC	Single-Champion Enterprise	Recognized in 2021, revalidated in 2025	Semi-insulating silicon carbide substrate
SICC	Single-Champion Enterprise	Recognized in 2025	Conductive silicon carbide substrate

2. *Research and development achievements obtained during the Reporting Period*

During the Reporting Period, there were 10 newly applied invention patents and utility model patents in total, of which 9 were invention patents and 1 was utility model patent.

As of the end of the Reporting Period, the Company and its subsidiaries had cumulatively obtained 209 invention patent grants and 294 utility model patent grants, of which 14 were overseas invention patent grants.

Intellectual property list obtained during the Reporting Period

	Increase during the current period		Cumulative total	
	Applications (nos.)	Grants (nos.)	Applications (nos.)	Grants (nos.)
Invention patents	9	6	376	209
Utility model patents	1	10	374	294
Design patents	0	0	0	0
Software copyrights	0	0	63	63
Others	0	0	46	41
Total	10	16	859	607

Note: The grants have excluded patents that have expired and become invalid; the intellectual property type under Others above is trademarks.

3. *Table of R&D investments*

Unit: RMB

	Amount for the current period	Amount for the same period of last year	Change (%)
Expensed R&D investments	74,574,434.24	75,846,675.90	-1.68
Capitalized R&D investments	—	—	—
Total R&D investments	74,574,434.24	75,846,675.90	-1.68
Percentage of the total R&D investment to operating revenue *(%)*	8.16	9.55	Decreased by 1.39 percentage points
Percentage of R&D investment capitalised *(%)*	—	—	

Reasons for significant changes in total R&D investment as compared to last year
☐Applicable ✓Not applicable

Reasons for the substantial change in the percentage of R&D investment capitalised and its rationality
☐Applicable ✓Not applicable

Ongoing R&D projects

✓Applicable ☐Not applicable

Unit: RMB

Number	Project	Estimated total investment	Amount invested in the current period	Cumulative amount invested	Progress or stage achievements	Target to be achieved	Technical level	Specific application prospects
1	Research and development of key technologies for high-quality silicon carbide powder synthesis	9,000,000.00	4,371,268.60	11,537,275.16	Pilot stage	By studying the key core process parameters affecting powder synthesis and their control technologies, obtain high-quality silicon carbide powder.	Internationally advanced	Used for high-quality silicon carbide crystal growth, effectively reducing the cost of silicon carbide substrates.
2	R&D and industrialization of automotive-grade low-cost high-quality silicon carbide single crystal substrates	24,000,000.00	6,581,951.04	22,652,506.19	Pilot stage	By increasing crystal growth speed and crystal thickness to reduce substrate cost, and continuously improving substrate quality through defect control technology, realize the R&D and industrialization of automotive-grade low-cost high-quality silicon carbide single crystal substrate materials.	Internationally advanced	Improve the fabrication yield of silicon carbide substrates, realize large-scale preparation of automotive-grade low-cost high-quality silicon carbide substrates that are ready for use upon unpacking, and mainly apply to new energy vehicles.
3	Diamond single crystal preparation and substrate surface fine processing	7,000,000.00	751,480.19	6,474,214.05	Sample stage	Conduct research on single crystal diamond growth and substrate processing, use MPCVD method to grow diamond single crystals, and use laser cutting and step-by-step processing methods to achieve substrate processing, meeting application needs for heat dissipation materials and diamond device development.	Internationally advanced	As a heat dissipation material, diamond can significantly improve device heat dissipation capability and enhance device performance.

Number	Project	Estimated total investment	Amount invested in the current period	Cumulative amount invested	Progress or stage achievements	Target to be achieved	Technical level	Specific application prospects
4	Liquid-phase method preparation and application of high-quality silicon carbide substrates	60,550,000.00	3,163,678.72	27,081,588.65	Pilot stage	Through optimization of large-size liquid-phase growth process and development of p-type substrate processing technology, obtain large-size, low-defect, P-type SiC substrates with good electrical performance, providing possibilities for ultra-high voltage fields represented by smart grids.	Internationally leading	High-quality p-type silicon carbide substrates are mainly used in high-voltage fields such as national power grids.
5	Wide-bandgap semiconductor silicon carbide single crystal substrate materials and power devices	18,500,000.00	5,153,237.64	62,606,966.45	Pilot stage	Conduct research from basic theory, application verification, etc., to achieve breakthroughs in large-size, high-quality, and efficient preparation technologies for wide-bandgap semiconductor silicon carbide single crystal substrate materials.	Internationally advanced	Develop high-quality silicon carbide single crystal substrates suitable for high-power-density and ultra-high-voltage devices.
6	R&D of high-quality low-stress silicon carbide substrates and development of high-precision stress characterization inspection system	12,000,000.00	1,517,897.13	1,517,897.13	R&D Stage	Achieve overall high-precision non-destructive quantitative stress testing and characterization for 6–12 inch diameter 4H-SiC.	Domestically leading	Used for overall high-precision non-destructive quantitative stress testing and characterization of 6–12 inch diameter 4H-SiC, and obtain high-quality low-stress SiC substrates through feedback and optimization of crystal growth and processing processes.

Number	Project	Estimated total investment	Amount invested in the current period	Cumulative amount invested	Progress or stage achievements	Target to be achieved	Technical level	Specific application prospects
7	R&D of key technologies for low-defect, high-planarity silicon carbide materials	200,090,000.00	46,387,799.40	46,387,799.40	R&D Stage	Research on new 8-inch silicon carbide single crystal growth furnace and thermal field design, innovative 8-inch silicon carbide non-destructive testing technology, low-defect control technology, high-efficiency laser lift-off technology, etc., to prepare low-defect, high-planarity 8-inch silicon carbide substrate materials.	Internationally leading	Mainly applied in power electronics fields such as new energy vehicles, rail transit, photovoltaic s, etc.
8	Key technology tackling project for thickness improvement of large-size silicon carbide	37,870,000.00	9,159,253.64	9,159,253.64	R&D Stage	Through research on 8-inch silicon carbide crystal growth and processing technologies, build an internationally leading technology platform for large-size silicon carbide substrate material preparation processes.	Internationally leading	Applied to the development of domestic industries such as new energy vehicles, rail transit, smart grids, etc., reshaping the international semiconductor industry landscape.
Total	/	369,010,000.00	77,086,566.36	187,417,500.67	/	/	/	/
Total	/				/	/	/	/

4. *Other explanations*

☐Applicable ✓Not applicable

RISK FACTORS

✓Applicable ☐Not applicable

(I) Operational risks

1. The Company's performance is affected by fluctuations in demand from downstream industries and raw material supply. A slowdown in the growth of downstream industries or changes in raw material costs may have an adverse effect on the Company's business, financial condition and operating results.

2. The Company's business depends to a large extent on the efforts of management and high-caliber talents, including R&D personnel. If such personnel are lost, it will have an adverse impact on the Company's operations.

3. Undetected defects, malfunctions or reliability issues in the Company's products may reduce market adoption of the Company's products, damage the Company's reputation or expose the Company to product liability and other claims.

4. Any operational disruptions at the Company's production bases may limit the Company's daily business operations and have a material adverse effect on the Company's financial condition and operating results.

5. The Company faces concentration risk from dependence on major customers and suppliers. If the Company relies on the above-mentioned customers not to expand its business in the future, or the expansion of new customers falls short of expectations, it will have an adverse effect on the Company's business expansion.

6. Risk of decline in silicon carbide substrate prices. If we are unable to offset the impact of price declines through increasing sales volume, reducing costs or upgrading product mix, it will have an adverse effect on the Company's financial performance and operating results.

(II) Financial risks

1. In the first half of 2026, benefiting from the stabilization of product prices, structural upgrade and cost control, the Company's gross profit margin recovered significantly on a sequential basis. In the future, if industry price competition intensifies again, the pace of volume ramp-up of large-size products slows down, or cost optimization falls short of expectations, the Company's profitability still faces the risk of fluctuation or recovery falling short of expectations.

2. If the Company fails to maintain sufficient inventory, or manages inventory poorly, it may lose sales opportunities or incur high inventory-related expenses, which may have a negative impact on the Company's financial condition and operating results.

3. Increases in raw material prices or supply shortages may disrupt the Company's supply chain, increase production costs, cause the Company to delay product deliveries to customers, and have an adverse effect on the Company's performance.

4. The Company may face collection risks from trade receivables. Failure to recover trade receivables in a timely manner or inability to recover them at all may have a material adverse effect on the Company's business, financial condition, liquidity and prospects.

5. The Company has established an share option incentive scheme and granted certain awards. In the future, if the vesting conditions of the incentive scheme are met, or new incentive schemes are continuously introduced, it may lead to an increase in share-based compensation expenses, affect the Company's financial condition and operating results, and may dilute the equity of existing shareholders.

6. The Company conducts foreign exchange derivatives transactions in accordance with the principles of legality, prudence, safety and effectiveness, and shall not engage in speculative or pure arbitrage transactions. However, the operation of foreign exchange derivatives transactions still entails objective risks including market risk, liquidity risk, internal control risk and performance risk.

(III) Industry risks

1. The semiconductor material industry is highly competitive. If the Company fails to compete successfully, the Company's business, operating results and future prospects will be harmed.

2. If the Company is unable to keep pace with technological advances in the semiconductor industry, it may be unable to retain existing customers, attract new customers, or maintain the Company's market position.

(IV) Macro-environmental risks

1. The Company's expansion into overseas markets may expose it to operational, financial and regulatory risks.

2. The Company's business, financial condition and operating results may be materially and adversely affected by international policies, international export controls and economic sanctions.

3. A downturn or volatility in global economic conditions may have a material adverse effect on the Company's business, financial condition, operating results and liquidity.

4. The impact of RMB exchange rate fluctuations on the risk of exchange gains and losses for export-oriented and multinational listed companies has become increasingly significant, directly affecting the stability of corporate profitability.

5. Changes in global political, social conditions or government policies in the countries and regions where the Company operates may have a material adverse effect on the Company's business and operations.

(V) Risk of significant decline in performance

1. The Company is primarily engaged in the silicon carbide semiconductor substrate material business, and the wide-bandgap semiconductor industry to which it belongs has characteristics of strong cyclicality, heavy assets, high investment, and long payback period. Changes in industry prosperity, market supply-demand pattern, and downstream end-user demand will all have a significant impact on the Company's operating results. Coupled with factors such as the concentrated release of production capacity in the domestic silicon carbide substrate industry, the continuous increase in market supply, the intensifying industry competition, and the overall downward trend in product prices, the Company faces the risk of a significant decline in performance or even losses.

2. The Company's products are widely used in new energy vehicles, energy storage, photovoltaics, industrial power supplies, radio frequency communications, and other fields, and the performance is highly dependent on the prosperity of downstream industries. In the future, if the growth of new energy vehicle penetration rate slows down, competition in the end-user market intensifies, or investments in downstream fields such as energy storage, computing infrastructure, and industrial electronics fall short of expectations, downstream customers will proactively destock and reduce purchase orders, resulting in a decline in the Company's product shipments and a contraction in revenue scale, having an adverse effect on the Company's operating results.

3. The Company continues to promote the expansion of silicon carbide substrate production capacity and R&D investment in new technologies. The scale of fixed assets and construction in progress is relatively large, and fixed expenditures such as equipment depreciation, site operation and maintenance, and labor costs are relatively rigid. If the yield ramp-up of new production lines and the progress of capacity release fall short of expectations, and capacity utilization cannot reach the expected level, the allocated cost per unit of product will increase significantly, and the scale effect will be difficult to realize. At the same time, the Company continuously invests substantial R&D expenses to maintain technological competitiveness. During the industry downturn cycle, fixed costs and R&D investments will further erode profits, resulting in significant fluctuations in the Company's performance.

MAJOR OPERATIONS DURING THE REPORTING PERIOD

During the Reporting Period, the Company achieved operating revenue of RMB914 million, representing a year-on-year increase of 15.10%, and a comprehensive gross profit margin of 22.86%; the Company achieved net profit attributable to shareholders of the listed company of-RMB58.6166 million, and net profit attributable to shareholders of the listed company excluding non-recurring gains and losses of-RMB87.3384 million; net cash flow generated from operating activities turned negative year-on-year during the Reporting Period, basic earnings per share, diluted earnings per share and basic earnings per share excluding non-recurring gains and losses all decreased compared with the corresponding prior period.

With the accelerated evolution of new energy vehicles towards high-voltage platforms, the continuous expansion of AI computing infrastructure, the value of silicon carbide in downstream application scenarios continues to become prominent, and the market penetration rate is steadily increasing. During the Reporting Period, the Company's production and sales volume of products grew steadily, and operating revenue achieved growth both year-on-year and quarter-on-quarter; relying on the market-leading advantages of large-size silicon carbide substrates, coupled with the continued implementation of cost reduction and efficiency enhancement measures, and the recovery of downstream demand driving product prices to gradually stabilize, the Company's gross profit margin achieved an increase. In terms of quarterly performance, in the second quarter of 2026, the Company achieved operating revenue of RMB548 million, setting a new historical high for a single quarter, representing a year-on-year increase of 42.06% and a quarter-on-quarter increase of 49.97%; the quarterly gross profit margin was 25.36%, and the Company achieved net profit attributable to shareholders of the listed company of RMB1.8930 million in that single quarter.

During the Reporting Period, affected by factors such as increased exchange losses arising from exchange rate fluctuations, and provisions for asset impairment losses and credit impairment losses, the Company's performance was under short-term pressure but losses gradually narrowed. Going forward, the Company's production capacity and market share of large-size silicon carbide products are expected to further increase; the Company will continue to deepen cost reduction and efficiency enhancement, and actively explore overseas markets and emerging application fields. As the scale effect continues to be released, the Company's profitability is expected to gradually improve, and its core competitiveness will be continuously consolidated.

(I) Analysis of principal business

1. Analysis of changes in relevant items of financial statements

Unit: RMB Currency: RMB

Items	Amount for the current period	Amount for the same period of last year	Percentage of change (%)
Operating revenue	913,646,546.53	793,805,202.95	15.10
Operating costs	704,753,662.19	647,322,687.22	8.87
Selling expenses	14,449,472.20	13,498,119.85	7.05
Administrative expenses	85,925,236.53	82,360,267.20	4.33
Finance costs	99,035,037.23	-15,813.97	Not applicable
R&D expenses	74,574,434.24	75,846,675.90	-1.68
Net cash flows from operating activities	-20,255,066.51	289,469,518.90	-107.00
Net cash flows from investment activities	-2,844,162,549.26	-219,055,121.11	Not applicable
Net cash flows from financing activities	459,326,433.88	302,105,238.78	52.04

PROFIT AND LOSS ANALYSIS

Operating revenue

Explanation on reasons for changes in operating revenue: During the Reporting Period, the growth in the Company's operating revenue was attributable to the steady growth in production and sales volume of the Company's products, the further increase in the proportion of sales of large-size products, and the gradual stabilization of product prices.

Operating costs

Explanation on reasons for changes in operating costs: This was mainly due to the increase in operating revenue during the Reporting Period, resulting in a corresponding increase in operating costs year-on-year; at the same time, the Company's cost reduction and efficiency enhancement, as well as product mix optimization, resulted in the growth rate of operating costs being lower than the growth rate of operating revenue.

Finance costs

Explanation on reasons for changes in finance costs: This was mainly due to the increase in foreign currency exchange losses caused by the fluctuation of RMB exchange rate during the Reporting Period.

CASH FLOW ANALYSIS

Net cash flow generated from operating activities

Explanation on reasons for changes in net cash flows from operating activities: It is mainly due to the effects of a year-on-year decrease in other cash received relating to operating activities and an increase in cash payments for purchases of goods in line with the expansion of revenue scale.

Net cash flow generated from investing activities

Explanation on reasons for changes in net cash flows from investing activities: It is mainly due to the increase in cash payments for the construction of fixed assets and cash payments for foreign exchange derivatives hedging business during the Reporting Period.

Net cash flow generated from financing activities

Explanation on reasons for changes in net cash flows from financing activities: It is mainly due to the year-on-year increase in bank borrowings during the Reporting Period.

Foreign Exchange Risk and Hedging

I. Risk Analysis: In conducting foreign exchange derivatives trading business, the Company shall follow the principles of lawfulness, prudence, safety and effectiveness, and shall not conduct speculative or purely arbitrage-oriented transactions. Nevertheless, the operation of foreign exchange derivatives trading still involves risks including but not limited to the following: (i) Market risk: Significant fluctuations in foreign exchange market conditions may trigger price movements of foreign exchange derivatives caused by swings in underlying market prices such as interest rates and exchange rates, thereby giving rise to losses; (ii) Liquidity risk: The risk that transactions cannot be completed due to insufficient market liquidity; (iii) Internal control risk: Foreign exchange derivatives trading is highly specialised and complex. Risks may arise from imperfect internal control systems; (iv) Performance risk: Risks stemming from default due to failure to perform contractual obligations upon maturity of contracts for foreign exchange derivatives businesses; (v) Other risks: Legal risks may be encountered if the terms of trading contracts are ambiguous when conducting transactions.

II. Risk Control Measures: (i) foreign exchange derivatives trading carried out by the Company is intended to hedge against material operational volatility risks arising from exchange-rate fluctuations; any speculative risk-taking activities are prohibited; (ii) the Company conducts foreign exchange derivatives trading solely with large financial institutions such as banks with valid legal qualifications, so as to avoid potential legal risks; (iii) the Company's Finance Department shall continuously monitor changes in publicly quoted market prices or fair values of foreign exchange derivatives, duly assess changes in risk exposure of foreign exchange derivatives transactions, and report to the Company's management on a regular basis. Any abnormalities shall be escalated in a timely manner for risk alert and activation of contingency measures; (iv) the Company has formulated a strict management system for derivatives trading, which sets out clear provisions on operating principles, approval authority, scope of responsibilities, internal operational procedures, information confidentiality and segregation measures, internal risk reporting systems and risk-handling procedures, as well as information disclosure, for the purpose of controlling trading risks.

Contingent Liabilities

As of 30 June 2026, there were no material contingent liabilities, guarantees, or any pending or threatened significant litigation or claims against any member of the Group.

2. *Explanation on major changes in the type of business, composition or source of profit of the Company during the current period*

☐Applicable ✓Not applicable

(II) Major changes in profits caused by non-principal businesses

✓Applicable ☐Not applicable

Unit: Yuan

Item	Amount	Reason for movement
Other gains	31,758,076.45	This was mainly due to the government grants received
Gain on fair value changes	22,648,000.06	This was mainly due to the fair value changes of financial assets and financial liabilities measured at fair value, such as forward foreign exchange contracts
Impairment loss	-30,132,037.20	This was mainly due to the provision for credit impairment losses and inventory write-downs
	30,132,037.20	

(III) Analysis of assets and liabilities

✓Applicable ☐Not applicable

1. Assets and liabilities

Unit: Yuan

Item	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the period of last year	Balance as at the end of the period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the period of last year (%)	Explanation
Financial assets for trading	0.00	0.00	108,573,477.90	1.13	-100.00	This was mainly due to the redemption of bank wealth management products held at the end of the prior year upon maturity during the current period
Derivative financial assets	32,723,432.62	0.33	0.00	0.00	N/A	This was mainly due to the changes in the fair value of outstanding forward foreign exchange contracts at the end of the Reporting Period
Bills receivable	55,056,897.90	0.55	11,816,957.51	0.12	365.91	This was mainly due to the increase in revenue and the corresponding rise in customer settlements made through notes
Receivables financing	6,204,821.72	0.06	69,385,834.69	0.72	-91.06	This was mainly due to the endorsement and transfer of bank acceptance bills
Prepayment	188,671,128.78	1.88	121,237,042.82	1.27	55.62	This was mainly due to the increase in prepayments for purchases made to secure the supply of raw and auxiliary materials
Other current assets	125,627,129.50	1.25	191,949,571.25	2.00	-34.55	This was mainly due to a decrease in input value-added tax to be deducted
Other non-current financial assets	37,194,486.70	0.37	12,200,035.21	0.13	204.87	This was mainly due to the increase in external equity investments measured at fair value during the current period
Construction in progress	226,182,785.53	2.26	128,805,758.76	1.34	75.60	This was mainly due to the increase in capital injection into the SiC substrates capacity expansion project

Item	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the period of last year	Balance as at the end of the period of last year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the period of last year (%)	Explanation
Short-term borrowings	1,256,047,149.60	12.53	658,451,304.97	6.87	90.76	This was mainly due to the increase in short-term bank borrowings to meet working capital requirements
Derivative financial liabilities	7,614,731.15	0.08	0.00	0.00	N/A	This was mainly due to the changes in the fair value of outstanding forward foreign exchange contracts at the end of the Reporting Period
Advances from customers	902,559.09	0.01	257,704.18	0.00	250.23	This was mainly due to the increase in rental and property fees received in advance
Employee benefits payable	24,173,613.27	0.24	37,153,698.56	0.39	-34.94	This was mainly due to the payment of performance bonuses accrued at the end of 2025 during the Reporting Period
Taxes payable	16,931,319.58	0.17	41,646,202.69	0.43	-59.34	This was mainly due to the settlement of corporate income tax accrued at the end of 2025 during the current period
Other payables	20,012,947.14	0.20	14,366,631.36	0.15	39.30	This was mainly due to the increase in accrued expenses which remained unpaid
Contract liabilities	2,129,619.98	0.02	8,465,331.70	0.09	-74.84	This was mainly due to the carryover of revenue from advance payments received in the previous period in the current period
Non-current liabilities due within one year	139,481,455.24	1.39	46,751,634.45	0.49	198.35	This was mainly due to the reclassification of certain long-term borrowings due within one year to this item
Other current liabilities	19,605,850.84	0.20	806,546.10	0.01	2,330.84	This was mainly due to the increase in bills receivable that were endorsed or discounted but not derecognized at the end of the period
Long-term borrowings	237,906,188.94	2.37	345,206,250.00	3.60	-31.08	This was mainly due to the reclassification of long-term borrowings to non-current liabilities due within one year

Other explanations

Nil.

2. *Overseas assets*

✓Applicable ☐Not applicable

(1) *Size of assets*

Of which: foreign assets amounted to 1,496,696,692.63 (Unit: yuan Currency: RMB), representing 14.93 % of the total assets.

(2) *Explanation of the high proportion of foreign assets*

☐Applicable ✓Not applicable

Other explanations

Not applicable.

3. *Restrictions on main assets as of the end of the Reporting Period*

✓Applicable ☐Not applicable

As of the end of the Reporting Period, the assets of the Company with restricted ownership or right of use primarily comprised other monetary funds, including deposits for margin, bills, letters of credit, bank guarantees and derivative-related funds, amounting to RMB2,527,737,341.22 in aggregate, representing approximately 25.22% of the total assets. The restricted portion within monetary funds is presented as an exclusion from cash and cash equivalents in the notes to the statement of cash flows.

4. *Other explanations*

☐Applicable ✓Not applicable

SUBSEQUENT EVENTS

During the period from 30 June 2026 to the date of this report, there were no significant matters relating to the business or financial performance of the Group that need to be brought to the attention of the Directors.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Company had no significant investments and/or material acquisitions or disposals of subsidiaries, associates and joint ventures.

I. CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company (the "**Shareholders**") and to enhance corporate value and accountability. The Company has adopted all applicable code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Hong Kong Listing Rules**") as its code of corporate governance.

During the Reporting Period, the Company has complied with all applicable code provisions of Part 2 of the Corporate Governance Code except for the deviations as explained below. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the role of chairman and the chief executive should be segregated and should not be performed by the same individual. The roles of the Company's chairman of the board and chief executive officer have not been separated in accordance with Code Provision C.2.1 of the Corporate Governance Code. The roles of chairman of the Board and general manager are currently performed by Mr. Zong Yanmin. In view of Mr. Zong Yanmin's substantial contribution to our Group since its establishment and his extensive experience in the industry and corporate management, the Board considers that having Mr. Zong Yanmin acting as both our chairman of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of the Company's business strategies. Furthermore, the Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors, reflecting a significant degree of independence. Under the Board's oversight, its structure is well-balanced, with appropriate checks and balances in place to safeguard the interests of the Company and its Shareholders. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman of the Board and the general manager is necessary.

Pursuant to Code Provision D.1.2 of the Corporate Governance Code, the management of the Company is required to provide all members of the Board with monthly updates on the Company's business. The management of the Company currently reports to the Board on the Company's performance, position and prospects quarterly. The Board believes that with the executive Directors overseeing the daily operations of the Company and the effective communication between the executive Directors, the management and the nonexecutive Directors (including the independent non-executive Directors) on the Group's affairs, the current practice is sufficient for the members of the Board to discharge their duties. However, this constitutes a deviation from Code Provision D.1.2 of the Corporate Governance Code. The Board will continue to review this practice and shall make necessary changes when appropriate and report to the Shareholders accordingly.

II. CHANGES OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

✓Applicable ☐Not applicable

Name	Position held	Change	Reason for changes	Explanation of changes
Fang Wei	Director	Resigned	Personal reasons	Resigned as a Director of the Company due to personal reasons
Feng Xianying	Director	Elected	Others	Elected as a Director of the Company upon approval by the general meeting

Explanation for the Changes of Directors and Senior Management of the Company

✓Applicable ☐Not applicable

In view of the resignation of Mr. Fang Wei as a non-independent Director of the Company for personal reasons, and upon his resignation, he will not hold any position in the Company or its subsidiaries upon his resignation. On 10 June 2026, the Company convened the 21st meeting of the second session of the Board, at which the proposal regarding the appointment of a non-independent Director to fill the vacancy of the second session of the Board was considered and approved, and Mr. Feng Xianying was nominated as a candidate for non-independent Director of the second session of the Board. On 26 June 2026, the Company convened the first extraordinary general meeting of 2026, at which the appointment of Mr. Feng Xianying as a non-independent Director of the second session of the Board was elected and approved by way of non-cumulative voting.

III. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by the Directors.

Having made specific enquiries to all Directors, each Director has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

IV. SHAREHOLDING OF THE TOP 10 SHAREHOLDERS AS OF THE END OF THE REPORTING PERIOD

Unit: Shares

Shareholding of the top 10 shareholders (excluding shares lent through refinancing)

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of restricted shares held	Number of restricted-transfer shares including shares lent through refinancing	Shares pledged, marked or frozen		Nature of shareholder
						Status of shares	Number	
Zong Yanmin (宗艷民)	0	129,302,726	26.68	0	0	Nil	/	Domestic natural person
HKSCC	100	54,906,190	11.33	0	0	Unknown	Unknown	Overseas legal entity
China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (中建材私募基金管理(北京)有限公司) – Guocai Equity Investment Fund (Jinan) Limited Partnership (Limited Partnership) (國材股權投資基金(濟南)合夥企業(有限合夥))	–5,815,423	23,309,437	4.81	0	0	Nil	/	Others
Shanghai Maiming Enterprise Management Center (Limited Partnership) (上海麥明企業管理中心(有限合夥))	0	23,133,000	4.77	0	0	Nil	/	Others

Name of shareholder (full name)	Increase/ decrease during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of restricted shares held	Number of restricted-transfer shares including shares lent through refinancing	Shares pledged, marked or frozen		Nature of shareholder
						Status of shares	Number	
Haitong New Energy Private Equity Investment Management Co., Ltd. (海通新能源私募股權投資管理有限公司) Liaoning Zhongde Industrial Equity Investment Fund Limited Partnership (Limited Partnership) (遼寧中德產業股權投資基金合夥企業(有限合夥)	–3,371,255	20,329,623	4.19	0	0	Nil	/	Others
Habo Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司)	–4,846,185	18,539,367	3.83	0	0	Nil	/	Domestic non-state-owned legal entity
Shanghai Zhuao Enterprise Management Center (Limited Partnership) (上海鑄傲企業管理中心(有限合夥))	0	12,900,000	2.66	0	0	Nil	/	Others
Liaoning Haitong New Energy Low Carbon Industrial Equity Investment Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司)	–1,063,163	6,414,700	1.32	0	0	Nil	/	Domestic non-state-owned legal entity
HKSCC Nominees Limited	1,747,881	4,865,940	1.00	0	0	Nil	/	Domestic natural entity
Changjiang Securities Company Limited (長江證券股份有限公司) – HuaXia SSE STAR Market Semiconductor Materials and Equipment-ThemeExchange-Traded Open-End Index Securities Investment Fund (華夏上證科創板半導體材料設備主題交易型開放式指數證券投資基金)	2,385,131	4,432,952	0.91	0	0	Nil	/	Others

V. PUBLIC FLOAT

As of the end of the Reporting Period, based on publicly-available information and so far as the Directors are aware, the public float of the Company complies with the minimum public float requirement for the relevant class of shares set out in Rule 19A.28B(2) of the Hong Kong Listing Rules.

VI. INTERESTS DISCLOSURE

Substantial Shareholders' Interests in Shares and Underlying Shares of the Company

As at 30 June 2026, so far as our Directors are aware, no other person (other than our Directors or chief executive) has any interests or short positions in any Shares or underlying Shares of our Company which will have to be disclosed to our Company and the Stock Exchange of Hong Kong under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register referred to in Section 336 of the SFO.

Shareholder	Nature of interest	Class of Shares	Long/short position	Number of Shares directly and indirectly held	Approximate percentage of A Shares/ H Shares (%)[5]	Approximate percentage of issued share capital of our Company (%)[5]
Shanghai Maiming	Beneficial owner[1]	A Shares	Long position	23,133,000	5.38	4.77
Shanghai Zhuao	Beneficial owner[1]	A Shares	Long position	12,900,000	3.00	2.66
Zong Yanmin	Beneficial owner and interest in controlled corporation[1]*	A Shares	Long position	166,945,310	38.85	34.45
Jinan Guocai	Beneficial owner[2]	A Shares	Long position	23,309,437	5.42	4.81
China National Building Material Private Equity Fund Management (Beijing) Co., Ltd.(中建材私募基金管理(北京)有限公司)	Beneficial owner[2]	A Shares	Long position	23,309,437	5.42	4.81
Liaoning Zhongde	Beneficial owner and interests held jointly with other person[3]	A Shares	Long position	29,147,337	6.78	6.01
Liaoning Haitong New Energy	Beneficial owner and interests held jointly with other person[3]	A Shares	Long position	29,147,337	6.78	6.01
Haitong Innovative	Beneficial owner and interests held jointly with other person[3]	A Shares	Long position	29,147,337	6.78	6.01
Guotai Haitong	Interest in controlled corporation[3]	A Shares	Long position	29,147,337	6.78	6.01
Haitong Kaiyuan	Interest in controlled corporation[3]	A Shares	Long position	29,147,337	6.78	6.01
Cohen Alan Steven	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 Asset Management, L.P.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 Capital Advisors, Inc.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 Capital Holdings, L.P.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 Capital International Ltd.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72, L.P.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 International Holdings, L.P.	Interest in controlled corporation[4]	H Shares	Long position	3,298,400	6.01	0.68
Point72 Associates, LLC	Beneficial owner	H Shares	Long position	3,298,400	6.01	0.68

Shareholder	Nature of interest	Class of Shares	Long/short position	Number of Shares directly and indirectly held	Approximate percentage of A Shares/ H Shares (%)[5]	Approximate percentage of issued share capital of our Company (%)[5]
Point72 Hong Kong Limited	Investment manager	H Shares	Long position	3,298,400	6.01	0.68
JPMorgan Chase & Co.	Interest in controlled corporation	H Shares	Long position	3,176,192	5.78	0.66
			Short position	296,673	0.54	0.06
			Shares available for lending	51,190	0.09	0.01

Notes:

(1) As at 30 June 2026, Mr. Zong, as the sole managing partner and general partner of each of Shanghai Maiming and Shanghai Zhuao, was responsible for management and exercising the voting rights attaching to the Shares held by each of Shanghai Maiming and Shanghai Zhuao, in accordance with the partnership agreement entered into among the general and limited partners of each of Shanghai Maiming and Shanghai Zhuao, respectively. Therefore, Mr. Zong was deemed to be interested in the 23,133,000 A Shares and 12,900,000 A Shares held by Shanghai Maiming and Shanghai Zhuao in our Company, respectively. By virtue of Part XV of the SFO, interest in controlled corporation also includes the 1,609,584 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date.

(2) As at 30 June 2026, Jinan Guocai is interested in 23,309,437 A Shares of our Company. China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (中建材私募基金管理(北京)有限公司) is the executive partner of Jinan Guocai. Jinan Guocai has ten limited partners, each of whom holds less than 30% of the interests therein.

(3) As at 30 June 2026, (i) Guotai Haitong directly held 100% of the equity interest in Haitong Innovation; (ii) Guotai Haitong, through its wholly-owned subsidiaries Guotai Haitong Zhengyu and Guotai Haitong Kaiyuan, held an aggregate 49.90% of the equity interest in Liaoning Haitong New Energy; and (iii) Guotai Haitong indirectly (through Haitong Kaiyuan) held 51% of the equity interest in the general and executive partner of Liaoning Zhongde, namely Haitong New Energy Private Equity Investment Management Co., Ltd. (海通新能源私募股權投資管理有限公司), and Haitong Kaiyuan was a limited partner of Liaoning Zhongde with 19.60% limited partnership interest. Liaoning Zhongde has nine limited partners, each of whom holds less than 30% of the interests therein. Therefore, by virtue of Part XV of the SFO, Liaoning Zhongde, Liaoning Haitong New Energy and Haitong Innovation are parties acting in concert in respect of their shareholding in our A Shares. Each of them is deemed to be interested in the interest of each other in our Company.

(4) Cohen Steven Alan holds Point72 Associates, LLC through Point72 Asset Management, L.P., Point72 Capital Advisors, Inc., Point72 Capital Holdings, L.P., Point72 Capital International, Ltd. and Point72, L.P. (collectively referred to as the "**Point72 Group**"). Accordingly, Cohen Steven Alan and the Point72 Group are deemed to have an interest in the H shares held by Point72 Associates, LLC. Point72 International Holdings, L.P. holds Point72 Hong Kong Limited and is accordingly deemed to have an interest in the H shares held by Point72 Hong Kong Limited.

(5) The calculation of the approximate percentage of underlying class of shares is based on the total number of 429,711,044 A Shares in issue as of 30 June 2026; the calculation of the approximate percentage of the total issued share capital of the Company is based on the total number of 484,618,544 shares in issue as of 30 June 2026 (including 429,711,044 A shares and 54,907,500 H shares).

Except as disclosed above, as at 30 June 2026, so far as our Directors are aware, none of the parties (other than our Directors or chief executive) has any interests or short positions in our Shares or underlying Shares of our Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2026, Directors and chief executive of the Company has any interests and/or short positions (if applicable) in the shares, underlying shares and debentures of our Company or its associated corporations (as defined in Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under the relevant provisions of the SFO); or interests and/or short positions (if applicable) which the Company is required to enter in the register referred to in Section 352 of the SFO; or interests and/or short positions (if applicable) which are required to be notified to the Company and the Stock Exchange of Hong Kong respectively pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") are set out below:

Interests in shares of the Company

Shareholder	Position	Nature of interest	Class of Shares	Long/short position	Number of Shares directly and indirectly held	Approximate percentage of A Shares/ H Shares (%)[2]	Approximate percentage of issued share capital of our Company (%)[2]
Zong Yanmin	Chairman of the Board, Executive Director and General Manager	Beneficial owner	A Shares	Long position	129,302,726	30.09	26.68
		Interest in controlled corporation	A Shares	Long position	37,642,584[1]	8.76	7.77
Gao Chao	Executive Director and CTO	Beneficial owner	A Shares	Long position	35,000	0.01	0.01

Notes:

(1) As at 31 December 2025, Mr. Zong, as the sole managing partner and general partner of each of Shanghai Maiming and Shanghai Zhuao, was responsible for management and exercising the voting rights attaching to the Shares held by each of Shanghai Maiming and Shanghai Zhuao, in accordance with the partnership agreement entered into among the general and limited partners of each of Shanghai Maiming and Shanghai Zhuao, respectively. Therefore, Mr. Zong was deemed to be interested in the 23,133,000 A Shares and 12,900,000 A Shares held by Shanghai Maiming and Shanghai Zhuao in our Company, respectively. By virtue of Part XV of the SFO, interest in controlled corporation also includes the 1,609,584 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date.

(2) The calculation of the approximate percentage of the relevant class of shares is based on the total number of 429,711,044 A Shares in issue as at 31 December 2025; the calculation of the approximate percentage of the total issued share capital of the Company is based on the total number of 484,618,544 Shares in issue as at 31 December 2025 (comprising 429,711,044 A Shares and 54,907,500 H Shares).

Save as disclosed above, as at 31 December 2025, none of our Directors or chief executive has any interests or short positions in any Shares, underlying Shares or debentures of our Company or its associated corporations (as defined in Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange of Hong Kong pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which is taken or deemed to be under such provisions of the SFO), or any interests or short positions which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange of Hong Kong pursuant to the Model Code.

VII USE OF PROCEEDS FROM GLOBAL OFFERING

The H Shares of the Company (prior to the exercise of any over-allotment option) were successfully listed on the Main Board of the Hong Kong Stock Exchange on 20 August 2025, and the over-allotment option as described in the prospectus was exercised in full on 14 September 2025. In connection with the Global Offering and the full exercise of the over-allotment option, the Company issued an aggregate of 54,907,500 H Shares at an offering price of HK$42.80 per H Share. The total gross proceeds raised by the Company from the issue of new shares in connection with the Global Offering and the full exercise of the over-allotment option amounted to approximately HK$2,350.0 million, and the net proceeds (after deducting underwriting commissions, incentive fees, other professional fees and other listing expenses) amounted to approximately HK$2,237.70 million (the "**Net Proceeds from the Initial Public Offering**"). As set out in the Company's announcement dated 14 September 2025, the Company is required to apply the additional net proceeds raised from the full exercise of the over-allotment option in proportion in accordance with the purposes set out in the prospectus.

As of 30 June 2026, the details of the utilisation of the net proceeds from the Initial Public Offering are as follows:

Proposed use of net proceeds	Net proceeds proposed usage ratio (%)	Net proceeds from the Initial Public Offering (HK$ million)	Unutilized amount as of 30 June 2026 (HK$ million)	Utilized amount as of 30 June 2026 (HK$ million)	Expected time for full utilization of net proceeds
Expand the production capacity of 8-inch and larger-sized silicon carbide substrates	70.0	1,566.40	1,315.80	250.60	By the end of 2028 or before
Expansion of domestic production lines (mainly located in Shanghai)	55.0	1,230.70	1,230.70	–	By the end of 2028 or before
(i) Purchase of new production equipment	45.0	1,007.00	1,007.00	–	By the end of 2028 or before
(ii) Improve production efficiency	7.0	156.60	156.60	–	By the end of 2028 or before
(iii) Recruitment of production personnel	3.0	67.10	67.10	–	By the end of 2028 or before
Construction of overseas production bases (mainly located in Southeast Asia)	15.0	335.70	85.10	250.60	By the end of 2028 or before
Strengthen R&D capabilities	20.0	447.50	447.50	–	By the end of 2028 or before
Purchase R&D materials	14.0	313.30	313.30	–	By the end of 2028 or before
Recruit R&D personnel	4.0	89.50	89.50	–	By the end of 2028 or before
Purchase and upgrade R&D and testing equipment	2.0	44.80	44.80	–	By the end of 2028 or before
Working capital and other general corporate purposes	10.0	223.80	223.80	–	By the end of 2028 or before
Total	100.0	2,237.70	1,987.10	250.60	

As of the date of the report, the proposed use of the net proceeds is consistent with that previously disclosed in the prospectus.

VIII PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the entire six-month period ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities (including treasury shares as defined in the Listing Rules). As of 30 June 2026, the Company held 1,609,584 treasury shares and did not sell any treasury shares.

IX EMPLOYEE

As at 30 June 2026, the Group had approximately 1,384 employees, most of whom were based in China. During the Reporting Period, total employee remuneration cost amounted to RMB149.47 million, accounting for approximately 16.36% of the Group's revenue. Taking into consideration national and local laws and regulations, industry and regional salary levels, and the actual operating performance of the Group, and in light of the Group's overall strategy, the Group has designed a competitive remuneration system, and has continuously refined it to establish a comprehensive remuneration management and job grade promotion system.

The Group also offers equity incentives and promotion opportunities to motivate its employees.

The Group offers onboarding training and regular on-the-job training to our employees. The Group prioritizes the improvement of employees' overall competence and professional skills, and implements a three-tier training system at the team, department and company levels across the entire Group. The Group focuses on the professional capabilities required for employee positions, and has established a customized training system to effectively meet the diverse training needs of employees, which is conducive to their growth and improvement. Focusing on new employees, the Group continues to deepen the "Dual-Mentorship Guidance Model", where mentors provide comprehensive guidance throughout the onboarding process, deliver basic skills training, enforce strict assessment standards, and implement a certification-based qualification system to help employees rapidly meet job competency requirements and undertake work assignments with high quality. Efforts have been made to enhance the new employee training curriculum by incorporating professional knowledge and business tools, thereby promoting progressive development in newcomer training.

The Group has increased its investment in training resources. To enhance the management capabilities of its managers and strengthen the professional knowledge of its operational staff, the Group has systematically organized various management training programs, industry technical seminars, professional knowledge and skills competitions, quality tool workshops, and safety system knowledge sessions. These initiatives are designed to broaden employees' perspectives, accumulate expertise, enhance the Group's core competitiveness, and effectively support its sustainable development. The Group has launched a series of "Leadership Enhancement Courses" to analyze managers' competencies from multiple dimensions, thereby achieving a comprehensive improvement in managers' capabilities. Additionally, "Agile Project Management Training" has been introduced to help team members ensure smooth project implementation in the context of rapidly evolving project environments. Innovatively, the "Advanced Management Course on Quality Management Concepts" utilizes the PDCA cycle to drive continuous improvement in management practices.

X SHARE INCENTIVE SCHEME

During the Reporting Period, the Company had one Share Incentive Scheme in effect, which was the 2024 Share Incentive Scheme (hereinafter referred to as the "**Share Incentive Scheme**").

(1) Summary of the key terms of the Share Incentive Scheme

Since the terms of the Share Incentive Scheme do not involve any grant of restricted shares by our Company after the Listing, it is not subject to the provisions of Chapter 17 of the Listing Rules. The terms of each of the Share Incentive Scheme are summarized as follows.

(a) Purposes

The Share Incentive Scheme is designed to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding talents, fully motivate the Company's employees, and effectively align the interests of shareholders, the Company, and individual employees, thereby fostering a shared commitment to the Company's long-term development.

(b) Form of Equity Incentives

The incentive instrument adopted under the Share Incentive Scheme is Type II Restricted Shares. Grantees who satisfy the grant conditions stipulated in the Share Incentive Scheme shall, upon meeting the corresponding vesting conditions, obtain the Company's repurchased and/or newly issued A-share ordinary shares in multiple installments at the grant price. Such shares shall be registered with China Securities Depository and Clearing Corporation Limited Shanghai Branch. Prior to vesting, the grantees shall not enjoy shareholder rights in respect of the restricted shares, and such restricted shares may not be transferred, used for guarantee, or employed to repay debts, among other actions.

(c) Administration

The Share Incentive Scheme is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the Remuneration and Appraisal Committee.

(d) Participants

Participants under the Share Incentive Scheme include: (1) At the time of the first grant, the grantees shall be technical and business backbone staff employed by the Company; (2) The criteria for determining grantees under the reserved portion shall be determined with reference to the criteria applied in the first grant. Such grantees may include directors, senior management personnel, key technical personnel, and other individuals deemed by the Board of Directors to be eligible for incentives.

(e) *Source and Maximum Number of Shares*

The underlying Shares for the Share Incentives are A-share ordinary shares repurchased and/or additionally issued by the Company. The number of Shares granted to any individual grantee under all the Share Incentive Schemes of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in paragraph (k) below, the maximum number of Share Incentives initially available to be granted under the Share Incentive Scheme is as follows:

Share Incentive Scheme	Class of Shares	Maximum number of Shares corresponding to the initial Share Incentives that may be granted
2024 Share Incentive Scheme	A Shares	5,080,000 Shares

As at the beginning and end of the Reporting Period, save for the Share Incentives that have already been granted under the Share Incentive Scheme and disclosed in this report, there are no additional Share Incentives available for grant under the Share Incentive Scheme.

(f) *Grant Date and Validity Period of the Scheme*

The date of grant shall be determined by the Board after the Share Incentive Scheme is approved at the general meeting of the Company, and must be a trading day. The Company shall grant the restricted shares to the grantees of the initial grant and complete the corresponding announcement procedures within 60 days from the date of approval of the Incentive Scheme at the general meeting. Should the Company fail to complete the aforementioned procedures within the 60-day period, the implementation of the Share Incentive Scheme shall be terminated, and any restricted shares that have not been granted shall become void. Any period during which the grant of entitlements is prohibited under the relevant Administrative Measures shall not be counted within the 60-day period.

The date of grant for the reserved restricted shares shall be determined by the Company's Board within 12 months after the approval by the general meeting of shareholders.

The validity period of the Share Incentive Scheme commences from the grant date of the restricted shares until the date on which all restricted shares granted to the incentive participants have been vested or lapsed. The validity period shall not exceed 60 months.

(g) *Conditions to the Grant of Share Incentives*

Share Incentives will only be granted to eligible participants if the following conditions are fulfilled:

(i) with respect to the Company, none of the following circumstances having occurred:

1. an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the Company's accountant's report for the most recent fiscal year;

2. an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the internal control report contained in accountant's report for the most recent fiscal year;

3. the Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the most recent 36 months after its Listing;

4. laws and regulations prohibit the implementation of Share Incentives;

5. other circumstances recognized by the CSRC.

(ii) with respect to the grantee, none of the following circumstances having occurred:

1. the grantee has been regarded as an inappropriate person by the Stock Exchange within the most recent 12 months;

2. the grantee has been regarded as an inappropriate person by the CSRC or its dispatched office within the most recent 12 months;

3. the grantee has received administrative penalties or prohibited from entering into the securities market by the CSRC or its dispatched office within the most recent 12 months as a result of any material non-compliance with relevant laws and regulations;

4. the grantee is not qualified to serve as a director or senior management personnel according to the Company Law;

5. the grantee is prohibited from participating in any Share Incentive Scheme of listed companies according to laws and regulations;

6. other circumstances recognized by the CSRC.

(h) ***Lock-up Arrangements***

The lock-up arrangements under the Share Incentive Scheme are determined according to the Articles of Association and applicable PRC laws and regulations:

1. if an incentive participant is a director or senior management member of the Company, the number of Shares that may be transferred each year during his/her term of office shall not exceed 25% of the total number of Shares of the Company held by him/her, and such grantee shall not transfer the shares of the Company held by him/her within six months after his/her termination of office.

2. if an incentive participant, who is a director or senior management member of the Company, disposes of any Shares of the Company held by him/her within six months after the acquisition, or repurchases within six months after disposition, all gains arising therefrom shall belong to the Company and be recovered by the Board of the Company (except for the circumstances exempted from short-swing trading under the rules prescribed by the CSRC).

3. if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the validity period of the Share Incentive Scheme, the grantee shall comply with the amended laws and regulations and the Articles of Association.

(i) ***Vesting of Share Incentives***

The Share Incentives will be vested or exercised when (i) the conditions set out under paragraph (g) above are fulfilled; and (ii) the performance targets of our Company and the grantees, as set out under the relevant scheme, are achieved. The granted Share Incentives will be vested (exercised) in accordance with the vesting schedules set forth in the relevant schemes following the lock-up period:

Share Incentive Scheme	**Type of Share Incentives**	**Vesting schedule**
2024 Share Incentive Scheme	Type II Restricted Shares	1. First Grant Portion: Vesting shall occur in three installments–30%, 30%, and 40%–across three separate 12-month periods. Each period begins from the first trading day after the 12-month anniversary from the first grant date to the last trading day before the 48-month anniversary of the first grant date. 2. Reserved Grant Portion: Vesting shall occur in three installments–30%, 30%, and 40%–across three separate 12-month periods. Each period begins from the first trading day after the 12-month anniversary from the reserved grant date to the last trading day before the 48-month anniversary of the reserved grant date.

The vesting of the Share Incentives granted shall be on a trading day, which shall not fall within any prohibited period stipulated by the CSRC and the Shanghai Stock Exchange.

(j) Exercise Price

The grant price for the restricted shares (including the reserved portion) is RMB32.00 per share. This means that upon fulfilment of both the grant conditions and the vesting conditions, the grantees are entitled to purchase the Company's A-share ordinary share repurchased by the Company and/or issued to the grantees as new shares at a price of RMB32.00 per share.

(k) Adjustment

From the date of the announcement of this Share Incentive Scheme to the completion of the registration of the vesting of the restricted shares by the grantees, in the event of occurrences such as capitalisation issue from capital reserve, distribution of stock dividends, share subdivision, rights issue, or share consolidation, the number of restricted shares to be granted/vested shall be adjusted accordingly.

(2) Movements of restricted stocks during the Reporting Period

As at 30 June 2026, the number of unvested equity incentives granted under the Share Incentive Scheme was 3,398,000 shares, representing approximately 0.79% of the Company's total issued A-share capital (excluding treasury shares) as of the same date. The table below sets out the details of the equity incentives granted to all grantees under the Share Incentive Scheme as at 30 June 2026:

Date of Grant	Grant Price	Number of Shares Granted	Number of Grantees	Remaining Number of Shares
3 July 2024	RMB32.00 per share	4,080,000 shares	80	1,000,000 shares
27 March 2025	RMB32.00 per share	815,000 shares	30	185,000 shares (lapsed)

The details of the equity incentives granted to the Company's directors, senior management, other connected persons, and employees are as follows:

Name	Nationality	Duty	Number of the Restricted Shares granted ('0,000 Shares)	Percentage of Total Reserved Restricted Shares	Percentage of Total Share Capital at the Time of Grant	Date of Grant
Gao Chao (高超)	Chinese	Director, Chief Technology Officer and Head of R&D Centre	3.5	4.29%	0.0081%	27 March 2025
You Ying (游櫻)	Chinese	Chief Financial Officer (CFO), Member of the Finance Centre Management Committee and Head of Overseas Finance Department	15	18.40%	0.0349%	27 March 2025

SECTION 4 SIGNIFICANT MATTERS

XI OTHER INFORMATION

(i) Financial Assistance and Guarantees Provided by the Company To Associated Companies

During the Reporting Period, the Group did not provide financial assistance to nor give guarantees for associated companies (as defined under the Hong Kong Listing Rules), and there were no circumstances requiring disclosure pursuant to Rules 13.16 and 13.22 of the Hong Kong Listing Rules.

(ii) Loans to an Entity

During the Reporting Period, the Group did not grant any loans to any entity.

(iii) Pledge of Shares by Controlling Shareholders

During the Reporting Period, the Controlling Shareholders of our Company did not complete any pledge registration procedures in respect of any of the Shares held by him/her in our Company, and there were no circumstances in which such Shares were used to provide guarantees for the Company's debts or to support the Company's guarantee liabilities and other obligations.

(iv) Loan Agreements with Conditions Requiring Specific Obligations of Controlling Shareholders

During the Reporting Period, the loan agreements entered into by the Group did not contain any terms imposing specific performance obligations on the Controlling Shareholders of our Company, and there were no circumstances requiring disclosure under Rule 13.18 of the Hong Kong Listing Rules.

(v) Default under Loan Agreements by the Company

During the Reporting Period, there was no default by the Group under any loan agreement where the loans involved would have a material impact on the business operations of the Group.

(vi) Interim Dividend

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2026.

(vii) Review of the Interim Report

The Audit Committee of the Board of the Company has reviewed the unaudited interim report of the Group for the six months ended 30 June 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.

I. AUDIT REPORT

☐Applicable ✓Not Applicable

II. FINANCIAL STATEMENTS

Consolidated Balance Sheet
30 June 2026

Prepared by: SICC CO., LTD.

Unit: Yuan Currency: RMB

Items	Notes	30 June 2026	31 December 2025
Current assets:			
Cash at bank and on hand	VII.1	**3,136,670,565.14**	3,178,285,983.40
Settlement deposits			
Placements with banks and other financial institutions			
Financial assets held for trading	VII.2		108,573,477.90
Derivative financial assets	VII.3	**32,723,432.62**	
Notes receivable	VII.4	**55,056,897.90**	11,816,957.51
Accounts receivable	VII.5	**684,174,199.99**	539,454,539.92
Receivables financing	VII. 7	**6,204,821.72**	69,385,834.69
Prepayment	VII. 8	**188,671,128.78**	121,237,042.82
Premium receivable		**–**	
Reinsurance accounts receivable		**–**	
Provision for reinsurance contract receivable		**–**	
Other receivables	VII. 9	**10,218,048.86**	8,046,960.26
Including: Interest receivable		**5,363,960.46**	3,089,925.00
Dividends receivable			
Financial assets purchased for resale			
Inventories	VII. 10	**1,205,916,213.16**	1,063,440,372.56
Including: Data resources			
Contract assets	VII. 6		
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII. 13	**125,627,129.50**	191,949,571.25
Total current assets		**5,445,262,437.67**	5,292,190,740.31

Items	Notes	30 June 2026	31 December 2025
Non-current assets:			
Granted loans and advances			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investments	*VII. 17*	**19,588,685.10**	21,529,291.97
Investment in other equity instruments			
Other non-current financial assets	*VII. 19*	**37,194,486.70**	12,200,035.21
Investment properties			
Fixed assets	*VII. 21*	**3,696,395,760.16**	3,588,278,308.78
Construction in progress	*VII. 22*	**226,182,785.53**	128,805,758.76
Productive biological assets			
Oil and gas assets			
Right-of-use assets	*VII. 25*	**15,116,324.00**	20,342,856.85
Intangible assets	*VII. 26*	**304,475,459.10**	268,722,998.37
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term prepaid expenses	*VII. 28*	**28,461,149.25**	30,292,933.66
Deferred tax assets	*VII. 29*	**106,537,854.21**	106,634,989.37
Other non-current assets	*VII. 30*	**144,363,003.42**	114,221,890.02
Total non-current assets		**4,578,315,507.47**	4,291,029,062.99
Total assets		**10,023,577,945.14**	9,583,219,803.30

Items	Notes	30 June 2026	31 December 2025
Current liabilities:			
Short-term borrowings	VII. 32	**1,256,047,149.60**	658,451,304.97
Borrowings from central bank			
Placements from banks and other financial institutions			
Financial liabilities held for trading	VII. 33		
Derivative financial liabilities	VII. 34	**7,614,731.15**	
Notes payable	VII. 35	**254,158,902.58**	299,140,721.15
Accounts payable	VII. 36	**431,007,825.65**	432,504,570.61
Receipts in advance	VII. 37	**902,559.09**	257,704.18
Contract liabilities	VII. 38	**2,129,619.98**	8,465,331.70
Financial assets sold under repurchase agreements			
Receipt of deposits and deposits from other banks			
Funds received as agent of stock exchange			
Funds received as stock underwriter			
Employee benefits payable	VII. 39	**24,173,613.27**	37,153,698.56
Taxes payable	VII. 40	**16,931,319.58**	41,646,202.69
Other payables	VII. 41	**20,012,947.14**	14,366,631.36
Including: Interest payable			
Dividends payable			
Fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VII. 43	**139,481,455.24**	46,751,634.45
Other current liabilities	VII. 44	**19,605,850.84**	806,546.10
Total current liabilities		**2,172,065,974.12**	1,539,544,345.77

Items	Notes	30 June 2026	31 December 2025
Non-current liabilities:			
Provision for insurance contracts			
Long-term borrowings	VII. 45	**237,906,188.94**	345,206,250.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	VII. 47	**10,468,733.66**	11,732,581.53
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income	VII. 51	**494,135,503.94**	511,422,201.58
Deferred income tax liabilities	VII. 29		
Other non-current liabilities	VII. 52		
Total non-current liabilities		**742,510,426.54**	868,361,033.11
Total liabilities		**2,914,576,400.66**	2,407,905,378.88
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)	VII. 53	**484,618,544.00**	484,618,544.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	VII. 55	**7,094,717,693.05**	7,094,717,693.05
Less: Treasury shares	VII. 56	**80,438,288.42**	80,438,288.42
Other comprehensive income	VII. 57	**-12,622,589.03**	-6,434,566.13
Special reserve			
Surplus reserve	VII. 59	**12,760,703.65**	12,760,703.65
Provision for general risks			
Retained earnings	VII. 60	**-389,907,180.69**	-331,290,533.34
Total equity attributable to owners (or shareholders) of the parent company		**7,109,128,882.56**	7,173,933,552.81
Non-controlling interests		**-127,338.08**	1,380,871.61
Total owners' (shareholders') equity		**7,109,001,544.48**	7,175,314,424.42
Total liabilities and owners' (shareholders') equity		**10,023,577,945.14**	9,583,219,803.30

Person in charge of the Company: Zong Yanmin (宗艷民)

Person in charge of accounting: You Ying (游櫻)

Head of accounting firm: Gao Liping (高麗萍)

Balance Sheet of Parent Company
30 June 2026

Prepared by: SICC CO., LTD.

Unit: Yuan Currency: RMB

Items	Notes	30 June 2026	31 December 2025
Current assets:			
Cash at bank and on hand		**2,579,045,986.58**	2,793,182,269.54
Financial assets held for trading			108,573,477.90
Derivative financial assets		**28,541,880.27**	
Notes receivable		**54,634,734.65**	11,816,957.51
Accounts receivable	*XIX. 1*	**925,159,912.26**	694,387,281.86
Receivables financing		**7,295,252.77**	67,452,362.49
Prepayment		**608,871,998.00**	188,757,399.29
Other receivables	*XIX. 2*	**1,748,108,049.39**	1,764,180,931.24
Including: Interest receivable		**4,916,285.88**	3,089,925.00
Dividends receivable			
Inventories		**386,697,996.08**	352,623,164.91
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**117,470,331.27**	119,071,156.43
Total current assets		**6,455,826,141.27**	6,100,045,001.17

Items	Notes	30 June 2026	31 December 2025
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investments	XIX. 3	**1,067,028,181.95**	1,044,268,788.82
Investment in other equity instruments			
Other non-current financial assets		**2,500,429.73**	2,200,035.21
Investment properties			
Fixed assets		**1,273,555,372.71**	1,147,706,394.51
Construction in progress		**39,563,702.27**	18,384,975.24
Productive biological assets			
Oil and gas assets			
Right-of-use assets		**3,036,578.38**	3,664,835.98
Intangible assets		**167,044,816.76**	170,355,877.57
Including: Data resources			
Development expenditure			
Including: Data resources			
Goodwill			
Long-term prepaid expenses		**25,614,493.77**	28,714,419.05
Deferred tax assets		**50,292,362.69**	48,114,218.93
Other non-current assets		**4,503,659.68**	8,651,083.38
Total non-current assets		**2,633,139,597.94**	2,472,060,628.69
Total assets		**9,088,965,739.21**	8,572,105,629.86
Current liabilities:			
Short-term borrowings		**786,648,539.06**	427,023,424.92
Financial liabilities held for trading			
Derivative financial liabilities		**7,594,575.77**	
Notes payable		**395,000,000.00**	279,000,000.00
Accounts payable		**134,728,780.79**	181,922,655.24
Receipts in advance			
Contract liabilities		**2,104,442.92**	8,411,477.70
Employee benefits payable		**10,863,614.46**	20,930,784.66
Taxes payable		**7,104,173.67**	3,241,553.90
Other payables		**217,601,256.50**	6,378,830.59
Including: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		**138,067,196.73**	38,819,917.56
Other current liabilities		**19,159,967.58**	2,199,545.08
Total current liabilities		**1,718,872,547.48**	967,928,189.65

Items	Notes	30 June 2026	31 December 2025
Non-current liabilities:			
Long-term borrowings		**237,312,936.11**	345,206,250.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			2,435,667.47
Long-term payables			
Long-term employee benefits payable			
Estimated liabilities			
Deferred income		**104,202,934.08**	101,964,659.10
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**341,515,870.19**	449,606,576.57
Total liabilities		**2,060,388,417.67**	1,417,534,766.22
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)		**484,618,544.00**	484,618,544.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		**6,950,089,473.20**	6,950,089,473.20
Less: Treasury shares		**80,438,288.42**	80,438,288.42
Other comprehensive income			
Special reserve			
Surplus reserve		**12,760,703.65**	12,760,703.65
Retained earnings		**-338,453,110.89**	-212,459,568.79
Total owners' (Shareholders') equity		**7,028,577,321.54**	7,154,570,863.64
Total liabilities and owners' (Shareholders') equity		**9,088,965,739.21**	8,572,105,629.86

Person in charge of the Company: Zong Yanmin (宗艷民)

Person in charge of accounting: You Ying (游櫻)

Head of accounting firm: Gao Liping (高麗萍)

Consolidated Income Statement

January–June 2026

Unit: Yuan Currency: RMB

Items	Notes	First Half of 2026	First Half of 2025
I. Total revenue		**913,646,546.53**	793,805,202.95
Including: Operating revenue	VII. 61	**913,646,546.53**	793,805,202.95
Interest income			
Premium income			
Fees and commission income			
II. Total cost of sales		**987,096,982.94**	825,705,623.85
Including: Cost of sales	VII. 61	**704,753,662.19**	647,322,687.22
Interest expenses			
Fees and commission expenses			
Surrenders			
Net claims expenses			
Net provisions for insurance contracts reserve			
Insurance policy dividend paid			
Reinsurance costs			
Taxes and surcharges	VII. 62	**8,359,140.55**	6,693,687.65
Selling expenses	VII. 63	**14,449,472.20**	13,498,119.85
General and administrative expenses	VII. 64	**85,925,236.53**	82,360,267.20
Research and development expenses	VII. 65	**74,574,434.24**	75,846,675.90
Financial expenses	VII. 66	**99,035,037.23**	-15,813.97
Including: Interest expenses	VII. 66	**14,486,236.66**	11,472,591.92
Interest income	VII. 66	**34,518,360.01**	7,757,869.58
Add: Other income	VII. 67	**31,758,076.45**	36,402,644.50
Investment income (losses represented with "-" signs)	VII. 68	**-1,940,606.87**	12,510,572.56
Including: Investment income from associates and joint ventures	VII. 68	**-1,940,606.87**	-2,645,278.83
Derecognition income of financial assets measured at the amortized cost (losses represented with "-" signs)			
Foreign exchange gains (losses represented with "-" signs)			
Gains from net exposure hedges (losses represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)	VII. 70	**22,648,000.06**	49,367.34
Credit impairment losses (losses represented with "-" signs)	VII. 72	**-12,030,704.54**	967,945.19
Asset impairment losses (losses represented with "-" signs)	VII. 73	**-18,101,332.66**	-10,871,049.09
Gains from disposal of assets (losses represented with "-" signs)	VII. 71		-7,384.44
III. Operating profit (losses represented with "-" signs)		**-51,117,003.97**	7,151,675.16
Add: Non-operating income	VII. 74	**454,490.19**	599,126.57
Less: Non-operating expenses	VII. 75	**4,107.99**	151,197.63
IV. Total Profit (total losses represented with "-" signs)		**-50,666,621.77**	7,599,604.10
Less: Income tax expenses	VII. 76	**9,458,235.27**	-3,280,574.40

Items	Notes	First Half of 2026	First Half of 2025
V. Net profit (net losses represented with "-" signs)		**-60,124,857.04**	10,880,178.50
(I) Classified by continuity of operations			
1. Net profit from continuing operation (net losses represented with "-" signs)		**-60,124,857.04**	10,880,178.50
2. Net profit from discontinued operations (net losses represented with "-" signs)			
(II) Classified by ownership of the equity			
1. Net profit attributable to Shareholders of the parent company (net losses represented with "-" signs)		**-58,616,647.35**	10,880,178.50
2. Non-controlling interests (net losses represented with "-" signs)		**-1,508,209.69**	
VI. Other comprehensive income, net of tax	*VII. 77*	**-6,188,022.90**	2,802,473.22
(I) Other comprehensive income attributable to owners of the parent company, net of tax		**-6,188,022.90**	2,802,473.22
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Changes arising from re-measurement of defined benefit plan			
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in fair value due to the enterprise's own credit risk			
2. Other comprehensive income that can be reclassified to profit or loss		**-6,188,022.90**	2,802,473.22
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4) Credit impairment provisions for other debt investments			
(5) Reserves for cash flow hedges			
(6) Exchange difference on translation of financial statements in foreign currencies		**-6,188,022.90**	2,802,473.22
(7) Others			
(II) Other comprehensive income attributable to non-controlling interests, net of tax			
VII. Total comprehensive income		**-66,312,879.94**	13,682,651.72
(I) Attributable to owners of the parent company		**-64,804,670.25**	13,682,651.72
(II) Attributable to non-controlling interests		**-1,508,209.69**	
VIII. Earnings per share:			
(I) Basic (RMB per share)	*VII. 84*	**-0.12**	0.03
(II) Diluted (RMB per share)	*VII. 84*	**-0.12**	0.03

In case of business combination involving enterprises under common control in the current period, the net profit realized by the combined entities before the combination was RMB0, and the net profit realized by the combined entities in the previous period was RMB0.

Person in charge of the Company:	Person in charge of accounting:	Head of accounting firm:
Zong Yanmin (宗艷民)	You Ying (游櫻)	Gao Liping (高麗萍)

Income Statement of Parent Company

January–June 2026

Unit: Yuan Currency: RMB

Items	Notes	First Half of 2026	First Half of 2025
I. Operating revenue	XIX. 4	1,127,433,501.00	810,042,985.65
Less: Operating costs	XIX. 4	1,066,262,072.71	788,249,316.06
Taxes and surcharges		4,175,857.28	3,694,568.09
Selling expenses		9,357,069.12	10,950,075.69
General and administrative expenses		44,106,422.60	46,684,189.58
Research and development expenses		52,931,223.46	48,818,255.26
Financial expenses		82,120,718.56	2,802,617.51
Including: Interest expenses		11,568,393.55	9,892,117.60
Interest income		30,013,244.66	6,149,580.32
Add: Other income		10,322,675.00	25,187,137.58
Investment income (losses represented with "-" signs)	XIX. 5	-1,940,606.87	12,923,788.47
Including: Investment income from associates and joint ventures		-1,940,606.87	-2,232,062.92
Derecognition income of financial assets measured at the amortized cost (losses represented with "-" signs)			
Gains from net exposure hedges (losses represented represented with "-" signs)			
Gains from changes in fair value (losses represented with "-" signs)		18,792,546.12	49,367.34
Credit impairment losses (losses represented with "-" signs)		-6,943,358.41	-549,806.60
Asset impairment losses (losses represented with "-" signs)		-17,072,142.46	-8,721,722.00
Gains from disposal of assets (losses represented with "-" signs)			
II. Operating profit (losses represented with "-" signs)		-128,360,749.35	-62,267,271.75
Add: Non-operating income		193,063.49	176,111.29
Less: Non-operating expenses		4,000.00	151,197.63
III. Total profit (total losses represented with "-" signs)		-128,171,685.86	-62,242,358.09
Less: Income tax expenses		-2,178,143.76	-10,782,958.43
IV. Net profit (net loss represented with "-" signs)		-125,993,542.10	-51,459,399.66
(I) Net profit from continuing operation (net loss represented with "-" signs)		-125,993,542.10	-51,459,399.66
(II) Net profit from discontinued operations (net loss represented with "-" signs)			

Items	Notes	First Half of 2026	First Half of 2025
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Changes arising from re-measurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value due to the enterprise's own credit risk			
(II) Other comprehensive income that can be reclassified to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserves for cash flow hedges			
6. Exchange difference on translation of financial statements in foreign currencies			
7. Others			
VI. Total comprehensive income		**-125,993,542.10**	-51,459,399.66
VII. Earnings per share:			
(I) Basic (RMB per share)			
(II) Diluted (RMB per share)			

Person in charge of the Company: Zong Yanmin (宗艷民)

Person in charge of accounting: You Ying (游櫻)

Head of accounting firm: Gao Liping (高麗萍)

Consolidated Statement of Cash Flows

January–June 2026

Unit: Yuan Currency: RMB

Items	*Notes*	**First Half of 2026**	First Half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		**825,302,648.47**	774,097,195.05
Net increase in customer deposits and interbank deposits			
Net increase in borrowings from central bank			
Net increase in placements from other financial institutions			
Cash received from original insurance contract premium			
Net cash received from reinsurance business			
Net increase in deposits and investments from policyholders			
Cash received from interests, fees and commissions			
Net increase in placements from banks and other financial institutions			
Net increase in cash from repurchase business			
Net cash received from securities brokerage services			
Refund of taxes and levies		**22,919,044.31**	27,623,222.35
Cash received relating to other operating activities	*VII 78(1)*	**86,333,308.08**	239,116,499.65
Sub-total of cash inflows of operating activities		**934,555,000.86**	1,040,836,917.05
Cash paid for goods and services		**678,808,547.84**	539,679,677.48
Net increase in customer loans and advances			
Net increase in deposits with central bank and other banks			
Cash paid for compensation under original insurance contract			
Net increase in placements with banks and other financial institutions			
Cash paid for interests, fees and commissions			
Cash paid for policyholders' dividends			
Cash paid to and on behalf of employees		**167,041,066.13**	155,258,705.52
Payments of taxes and surcharges		**49,871,396.71**	12,478,631.42
Cash paid relating to other operating activities	*VII 78(1)*	**59,089,056.69**	43,950,383.73
Sub-total of cash outflows of operating activities		**954,810,067.37**	751,367,398.15
Net cash flows from operating activities		**-20,255,066.51**	289,469,518.90

Items	Notes	First Half of 2026	First Half of 2025
II. Cash flows from investing activities:			
Cash received from disposal of investments			1,500,000.00
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities	*VII 78(2)*	**106,118,201.70**	
Sub-total of cash inflows of investing activities		**106,118,201.70**	1,500,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**594,312,732.74**	217,713,121.11
Cash paid to investments		**25,000,000.00**	2,842,000.00
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities	*VII 78(2)*	**2,330,968,018.22**	
Sub-total of cash outflows of investing activities		**2,950,280,750.96**	220,555,121.11
Net cash flows from investing activities		**-2,844,162,549.26**	-219,055,121.11
III. Cash flows from financing activities			
Cash received from capital contributions			
Including: Cash received from capital contributions by non-controlling shareholders of subsidiaries			
Cash received from borrowings		**1,038,790,833.33**	820,009,478.05
Cash received relating to other financing activities		**3,738,715.00**	
Sub-total of cash inflows of financing activities		**1,042,529,548.33**	820,009,478.05
Cash repayments of borrowings		**420,200,000.00**	505,000,000.00
Cash payments for distribution of dividends, profit or interest expenses		**13,003,114.45**	11,215,159.59
Including: Cash payments for distribution of dividends and profit by subsidiaries to non-controlling shareholders			
Cash paid relating to other financing activities	*VII 78(3)*	**150,000,000.00**	1,689,079.68
Sub-total of cash outflows of financing activities		**583,203,114.45**	517,904,239.27
Net cash flows from financing activities		**459,326,433.88**	302,105,238.78
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-84,252,829.34**	5,322,718.56
V. Net increase in cash and cash equivalents		**-2,489,344,011.23**	377,842,355.13
Add: Cash and cash equivalents at the beginning of the period		**3,098,277,235.15**	1,155,456,130.15
VI. Cash and cash equivalents at the end of the period		**608,933,223.92**	1,533,298,485.28

Person in charge of the Company: Zong Yanmin (宗艷民)

Person in charge of accounting: You Ying (游樱)

Head of accounting firm: Gao Liping (高麗萍)

Cash Flows Statement of Parent Company

January–June 2026

Unit: Yuan Currency: RMB

Items	*Notes*	**First Half of 2026**	First Half of 2025
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		**535,030,918.30**	663,093,796.01
Refund of taxes and levies		**125,593.07**	10,660,772.49
Cash received relating to other operating activities		**1,323,153,447.83**	1,629,494,135.08
Sub-total of cash inflows of operating activities		**1,858,309,959.20**	2,303,248,703.58
Cash paid for goods and services		**285,550,036.66**	235,195,950.46
Cash paid to and on behalf of employees		**84,522,186.61**	77,410,989.68
Payments of taxes and surcharges		**6,353,792.83**	3,732,334.17
Cash paid relating to other operating activities		**1,828,865,405.05**	1,267,521,890.53
Sub-total of cash outflows of operating activities		**2,205,291,421.15**	1,583,861,164.84
Net cash flows from operating activities		**-346,981,461.95**	719,387,538.74
II. Cash flows from investing activities:			
Cash received from disposal of investments			1,500,000.00
Cash received from returns on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		**106,118,201.70**	
Sub-total of cash inflows of investing activities		**106,118,201.70**	1,500,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**178,698,091.80**	40,217,976.28
Cash paid to investments		**24,700,000.00**	550,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid relating to other investing activities		**2,143,022,607.52**	
Sub-total of cash outflows of investing activities		**2,346,420,699.32**	590,217,976.28
Net cash flows from investing activities		**-2,240,302,497.62**	-588,717,976.28

Items	Notes	First Half of 2026	First Half of 2025
III. Cash flows from financing activities			
Cash received from capital contributions			
Cash received from borrowings		**759,750,000.00**	750,000,000.00
Cash received relating to other financing activities		**168,715.00**	
Sub-total of cash inflows of financing activities		**759,918,715.00**	750,000,000.00
Cash repayments of borrowings		**420,200,000.00**	505,000,000.00
Cash payments for distribution of dividends, profit or interest expenses		**11,074,039.55**	9,663,613.40
Cash paid relating to other financing activities		**150,000,000.00**	
Sub-total of cash outflows of financing activities		**581,274,039.55**	514,663,613.40
Net cash flows from financing activities		**178,644,675.45**	235,336,386.60
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-73,191,890.69**	2,456,489.35
V. Net increase in cash and cash equivalents		**-2,481,831,174.81**	368,462,438.41
Add: Cash and cash equivalents at the beginning of the period		**2,731,374,958.11**	783,346,679.25
VI. Cash and cash equivalents at the end of the period		**249,543,783.30**	1,151,809,117.66

Person in charge of the Company:
Zong Yanmin (宗艷民)

Person in charge of accounting:
You Ying (游櫻)

Head of accounting firm:
Gao Liping (高麗萍)

Consolidated Statement of Changes in Owners' Equity
January–June 2026

Unit: Yuan Currency: RMB

Items	First Half of 2026														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Others	Sub-total	Non-controlling interests	Total owners' equity
I. Closing balance of the previous year	484,618,544.00				7,094,717,693.05	80,438,288.42	-6,434,566.13		12,760,703.65		-331,290,533.34		7,173,933,552.81	1,380,871.61	7,175,314,424.42
Add: Changes in accounting policies															
Correction of accounting errors in prior periods															
Others															
II. Opening balance of the year	484,618,544.00				7,094,717,693.05	80,438,288.42	-6,434,566.13		12,760,703.65		-331,290,533.34		7,173,933,552.81	1,380,871.61	7,175,314,424.42
III. Increase/decrease in the current period (decrease represented with "-" signs)							-6,188,022.90				-58,616,647.35		-64,804,670.25	-1,508,209.69	-66,312,879.94
(I) Total comprehensive income							-6,188,022.90				-58,616,647.35		-64,804,670.25	-1,508,209.69	-66,312,879.94
(II) Owner contribution and capital decrease															
1. Ordinary shares contributed by owners															
2. Capital invested by holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of provision for general risk															
3. Distribution to owners (or shareholders)															
4. Others															

Items	First Half of 2026														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Others	Sub-total	Non-controlling interests	Total owners' equity
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves															
1. Withdrawal for the period															
2. Used for the period															
(VI) Others															
IV. Closing balance of the period	484,618,544.00				7,094,717,693.05	80,438,288.42	-12,622,589.03		12,760,703.65		-389,907,180.69		7,109,128,882.56	-127,338.08	7,109,001,544.48

Items							First Half of 2025								
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Others	Sub-total	Non-controlling interests	Total owners' equity
I. Closing balance of the previous year	429,711,044.00				5,098,348,321.84	100,243,215.47	-4,623,673.79		12,760,703.65		-122,971,415.11		5,312,981,765.12		5,312,981,765.12
Add: Changes in accounting policies															
Correction of accounting errors in prior periods															
Others															
II. Opening balance of the year	429,711,044.00				5,098,348,321.84	100,243,215.47	-4,623,673.79		12,760,703.65		-122,971,415.11		5,312,981,765.12		5,312,981,765.12
III. Increase/decrease in the current period (decrease represented with "-" signs)					3,130,663.18		2,802,473.22				10,880,178.50		16,813,314.90		16,813,314.90
(I) Total comprehensive income							2,802,473.22				10,880,178.50		13,682,651.72		13,682,651.72
(II) Owner contribution and capital decrease					3,130,663.18								3,130,663.18		3,130,663.18
1. Ordinary shares contributed by owners															
2. Capital invested by holders of other equity instruments															
3. Amounts of share-based payments recognized in owners' equity					5,348,789.99								5,348,789.99		5,348,789.99
4. Others					-2,218,126.81								-2,218,126.81		-2,218,126.81
(III) Profit distribution															
1. Withdrawal of surplus reserves															
2. Withdrawal of provision for general risk															
3. Distribution to owners (or shareholders)															
4. Others															

Items	First Half of 2025														
	Equity attributable to owners of the parent company														
		Other equity instruments													
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Provision for general risk	Retained earnings	Others	Sub-total	Non-controlling interests	Total owners' equity
(IV) Internal carry-forward of owners' equity															
1.Conversion of capital reserves into paid-in capital (or share capital)															
2.Conversion of surplus reserves into paid-in capital (or share capital)															
3.Surplus reserves offsetting losses															
4.Carry-forward of changes in the defined benefit plan for retained earnings															
5.Carry-forward of other comprehensive income for retained earnings															
6.Others															
(V) Special reserves															
1.Withdrawal for the period															
2.Used for the period															
(VI) Others															
IV. Closing balance of the period	429,711,044.00				5,101,478,985.02	100,243,215.47	-1,821,200.57		12,760,703.65		-112,091,236.61		5,329,795,080.02		5,329,795,080.02

Person in charge of the Company: Zong Yanmin (宗艷民) Person in charge of accounting: You Ying (游櫻) Head of accounting firm: Gao Liping (高麗萍)

Changes in Owners' Equity of Parent Company
January-June 2026

Unit: Yuan Currency: RMB

Items	First Half of 2026										
		Other equity instruments									
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance of the previous year	484,618,544.00				6,950,089,473.20	80,438,288.42			12,760,703.65	-212,459,568.79	7,154,570,863.64
Add: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Opening balance of the year	484,618,544.00				6,950,089,473.20	80,438,288.42			12,760,703.65	-212,459,568.79	7,154,570,863.64
III. Increase/decrease in the current period (decrease represented with "-" signs)										-125,993,542.10	-125,993,542.10
(I) Total comprehensive income										-125,993,542.10	-125,993,542.10
(II) Owner contribution and capital decrease											
1. Ordinary shares contributed by owners											
2. Capital invested by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											
3. Surplus reserves offsetting losses											

Items	First Half of 2026										
		Other equity instruments									
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Withdrawal for the period											
2. Used for the period											
(VI) Others											
IV. Closing balance of the period	484,618,544.00				6,950,089,473.20	80,438,288.42			12,760,703.65	-338,453,110.89	7,028,577,321.54

Items	First Half of 2025										
		Other equity instruments									
	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Closing balance of the previous year	429,711,044.00				4,953,720,101.99	100,243,215.47			12,760,703.65	39,758,790.47	5,335,707,424.64
Add: Changes in accounting policies											
Correction of accounting errors in prior periods											
Others											
II. Opening balance of the year	429,711,044.00				4,953,720,101.99	100,243,215.47			12,760,703.65	39,758,790.47	5,335,707,424.64
III. Increase/decrease in the current period (decrease represented with "-" signs)					3,130,663.18					-51,459,399.66	-48,328,736.48
(I) Total comprehensive income										-51,459,399.66	-51,459,399.66
(II) Owner contribution and capital decrease					3,130,663.18						3,130,663.18
1. Ordinary shares contributed by owners											
2. Capital invested by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					5,348,789.99						5,348,789.99
4. Others					-2,218,126.81						-2,218,126.81
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of capital reserves into paid-in capital (or share capital)											
2. Conversion of surplus reserves into paid-in capital (or share capital)											

	First Half of 2025										
		Other equity instruments									
Items	Paid-in capital (or share capital)	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
3. Surplus reserves offsetting losses											
4. Carry-forward of changes in the defined benefit plan for retained earnings											
5. Carry-forward of other comprehensive income for retained earnings											
6. Others											
(V) Special reserves											
1. Withdrawal for the period											
2. Used for the period											
(VI) Others											
IV. Closing balance of the period	429,711,044.00				4,956,850,765.17	100,243,215.47			12,760,703.65	-11,700,609.19	5,287,378,688.16

Person in charge of the Company:
Zong Yanmin (宗艷民)

Person in charge of accounting:
You Ying (游樱)

Person in charge of the accounting department:
Gao Liping (高麗萍)

III. GENERAL INFORMATION OF THE COMPANY

1. Company Overview

✓ Applicable ☐ Not applicable

SICC Co., Ltd. (山東天岳先進材料科技有限公司) (hereinafter referred to as the "**Company**") is a joint stock limited company established by way of overall transformation on the basis of SICC Materials Co., Ltd. The Company, formerly known as SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), was duly approved for registration and incorporated in November 2010 by the High-tech Industrial Development Zone Branch of Jinan Administration for Industry and Commerce of Shandong Province. In November 2020, it was renamed to SICC Co., Ltd. (山東天岳先進科技股份有限公司) with the approval of the Administrative Approval Service Bureau of Huaiyin District, Jinan City, Shandong Province.

Pursuant to the resolution adopted at the Company's 2020 Annual General Meeting and with the approval of the China Securities Regulatory Commission in its Official Reply on Approving the Registration of the Initial Public Offering of SICC Co., Ltd. (山東天岳先進科技股份有限公司) (CSRC Approval No. [2021] 3935) (證監許可[2021]3935號《關於同意山東天岳先進科技股份有限公司首次公開發行股票註冊的批覆》), the Company publicly offered 42,971,105 RMB-denominated ordinary shares (A shares) to the public on the Shanghai Stock Exchange in January 2022, increasing its registered capital by RMB42,971,105.00. Upon such change, the registered capital amounted to RMB429,711,044.00, corresponding to a total of 429,711,044 shares (with a par value of RMB1.00 per share). The Company's shares were listed and traded on the Shanghai Stock Exchange with effect from 12 January 2022.

Pursuant to the resolution adopted at the 9th meeting of the Second Board of Directors of the Company held on 27 December 2024 and the Filing Notice on the Overseas Offering and Listing of SICC Co., Ltd. (Guo He Han[2025]1010) (《關於山東天岳先進科技股份有限公司境外發行上市備案通知書》) (國合函[2025]1010號) issued by the China Securities Regulatory Commission, the total number of H Shares to be offered in the Global Offering is 54,907,500 shares with a par value of RMB1.00 per share, representing an increase in registered capital of RMB54,907,500.00.

As of 30 June 2026, the total number of issued shares of the Company amounted to 484,618,544, and the registered capital of the Company was RMB484,618,544.00. The actual controller of the Company is Zong Yanmin (宗艷民).

The Company's Unified Social Credit Code is 9137010056077790XN. It operates in the manufacturing sector, specifically in the manufacture of special electronic materials.

The Company's office address: No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC

Business Scope of the Company: Production of silicon carbide crystal substrate materials; research and development, sales, technical consultation, technical services and technology transfer of functional materials and their components, and electronic semiconductor materials; manufacture and sales of special parts for semiconductor devices, optoelectronic devices, power electronic devices, materials for electronic devices, artificial corundum and artificial gemstones; development, production and sales of crystal growth and processing equipment; import and export of goods (excluding items prohibited by laws and administrative regulations; restricted items under laws and administrative regulations can only be operated upon obtaining relevant permits). (For items subject to approval in accordance with the law, business activities can only be carried out upon approval by relevant authorities.)

These financial statements were approved for issuance by the Company's Board of Directors on 19 August 2026.

IV. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Preparation Basis

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises — Basic Standards" and various specific accounting standards, the application guidelines for the Accounting Standards for Business Enterprises, the interpretations of the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as "**Accounting Standards for Business Enterprises**"), and the relevant requirements of No. 15 of the Rules for the Preparation of Information Disclosure by Companies Offering Securities to the Public — General Provisions on Financial Reporting issued by the China Securities Regulatory Commission.

2. Going Concern

✓Applicable ☐Not applicable

The financial statements are based on going concern.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates indication:

✓Applicable ☐Not applicable

The disclosure below covers the specific accounting policies and accounting estimates that the Company has developed based on its actual production and operating characteristics.

1. Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and present truly and completely the Company's account of the financial position, its operating results, changes in shareholders' equity and cash flows and other related information.

2. Accounting Period

The accounting period of the Company is from 1 January to 31 December of each calendar year.

3. Operating Cycle

✓Applicable ☐Not applicable

The Company's operating cycle is 12 months.

4. Reporting Currency

The Company uses RMB as its reporting currency. The Company's subsidiaries may determine their reporting currencies based on the major economic environment in which they operate their business. The financial statements were presented in RMB.

The overseas subsidiaries and their reporting currencies are set out as follows:

Overseas Subsidiary	Place of Operation	Reporting Currency
SICC GLOBAL株式會社	Japan	Japanese Yen
SKY SPUR INVESTMENT LIMITED (極領投資有限公司)	Hong Kong, China	USD
VISIONARY HORIZON PTE. LTD	Singapore	USD
SICC-Europe-GmbH	Germany	Euro
SICC Malaysia Holdings Inc	British Virgin Islands	USD
Mega Materials Sdn. Bhd	Malaysia	Malaysian Ringgit
VH Investment Inc	British Virgin Islands	USD
SICC INTERNATIONAL LIMITED	Hong Kong, China	USD

5. Methodology of determining materiality standard and basis for selection

✓Applicable ☐Not applicable

Item	Materiality standard
Significant individual receivables with provisions for bad debts	The original carrying amount of a single receivable with individual provision for bad debts exceeds 0.2% of total assets
Significant recovery or reversal of bad debt provisions on receivables during the period	The original carrying amount of a single receivable with individual provision for bad debts exceeds 0.2% of total assets
Significant write-off of receivables during the period	The original carrying amount of a single receivable with individual provision for bad debts exceeds 0.2% of total assets
Significant prepayments aged over 1 year	The original carrying amount of a single prepayment with individual provision for bad debts exceeds 0.2% of total assets
Significant projects under construction	The budget of a single construction project exceeds 2% of total assets
Significant accounts payable aged over 1 year	The amount of a single accounts payable aged over 1 year exceeds 0.2% of total assets
Significant other payables aged over 1 year	The amount of a single other payable aged over 1 year exceeds 0.2% of total assets
Significant contractual liabilities aged over 1 year	The amount of a single contractual liability aged over 1 year exceeds 0.2% of total assets
Significant advances from customers aged over 1 year	The amount of a single advance from customers aged over 1 year exceeds 0.2% of total assets
Significant undertakings, significant contingencies and significant subsequent events	The amount of a single item exceeds 2% of total assets
Significant debt restructuring	The amount of a single item exceeds 2% of total assets
Significant overseas operating entities	The total assets of the overseas operating entity exceed 10% of total assets, or the external transactions of the overseas operating entity exceed 10% of total revenue
Significant non-wholly owned subsidiaries	The total assets of the non-wholly owned subsidiary exceed 10% of total assets, or the external transactions of the non-wholly owned subsidiary exceed 10% of total revenue

6. Accounting Treatment Method for Business Merger under Common Control and Different Control

☐Applicable ✓Not applicable

7. Judgement Criteria for Control and Methods of Preparation of Consolidated Financial Statements

✓Applicable ☐Not applicable

1. Criteria for judging control

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the investee's return by using the power over the investee.

2. Procedures for consolidation

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of shareholders' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the shareholders' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the Reporting Period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the Reporting Period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognized from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the beginning retained earnings or the current profit or loss during the period for comparing financial statements.

During the Reporting Period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the purchase date based on their fair value determined on purchase date.

Where the Company can control the investee not under common control for additional investments and other reasons, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the period which the acquisition date falls in.

(2) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated as a package deal:

i. The transactions are concluded at the same time or under the consideration of mutual effect;

ii. These transactions as a whole can reach a complete business result;

iii. The occurrence of a transaction depends on that of other transaction or more;

iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal consideration and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(3) *Purchase of minority interest of subsidiaries*

The share premium in the capital reserves under the consolidated balance sheet will be adjusted by the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share of net assets calculated continuously calculate from the acquisition date or combination date according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) *Partial disposal of equity investments in subsidiaries without losing control*

The share premium in the capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal consideration and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the share premium in the capital reserves is insufficient, the retained earnings will be adjusted.

8. Classification of Joint Arrangements and Accounting Method for Joint Operations

☐Applicable ✓Not applicable

9. Recognition Criteria of Cash and Cash Equivalents

Cash refers to the Company's cash on hand and deposits that are readily available for payment. Cash equivalents are short-term (generally with a maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

✓Applicable ☐Not applicable

(1) *Foreign currency transaction*

Foreign currency transactions are translated into RMB amounts at the spot exchange rate on the date of the transaction.

At the balance sheet date, balances of monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for exchange differences arising from foreign currency borrowings specifically incurred for the acquisition or construction of assets eligible for capitalisation, which are treated in accordance with the principle of capitalisation of borrowing costs.

(2) *Translation of foreign currency financial statements*

Assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; items in the owner's equity category, except for "Undistributed profit", are translated at the spot exchange rate at the time of the transaction. Income and expense items in the income statement are translated at the weighted average exchange rate for the year.

Upon disposal of a foreign operation, the translation differences related to that foreign operation are transferred from owner's equity to profit or loss in the period of disposal.

11. Financial Instruments

✓Applicable ☐Not applicable

When the Company becomes a party in the financial instrument contract, a financial asset, financial liability or equity instruments will be recognised.

(1) Classification of financial instruments

Based on the business model under which the Company manages financial assets and the characteristics of contractual cash flows of financial assets, the financial assets are divided into financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The Company classifies financial assets that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at amortised cost:

— the objective of the business model is to collect contractual cash flows;

— the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company classifies financial assets that meet all of the following conditions and are not designated as financial assets at fair value through profit or loss, as financial assets at fair value through other comprehensive income (debt instruments):

— the objective of the business model is both collecting contractual cash flows and selling the financial assets;

— the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

For equity instruments not held for trading, the Company can irrevocably designate them as financial assets at fair value through other comprehensive income (equity instruments) at the time of initial recognition. The designation is made on the basis of a single investment, and the relevant investment meets the definition of an equity instrument from the issuer’s perspective.

Except for the aforementioned financial assets at amortised cost and at fair value through other comprehensive income, the Company classifies all other financial assets as financial assets at fair value through profit or loss.

Financial liabilities are classified at the time of initial recognition as: financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost.

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

① *Financial assets at amortised cost*

Financial assets at amortised cost, including notes receivable, accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs recognized in the initial recognition amount; accounts receivable that do not contain a significant financing component and those that the Company has decided not to consider a financing component not more than one year are initially measured at the contractual transaction price.

Interest calculated using the effective interest method during the holding period is recognized in the profit or loss for the current period.

During recovery or disposal, the difference between the obtained price and the carrying amount of the financial assets shall be recognized in the profit or loss for the current period.

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

Financial assets at fair value through other comprehensive income (debt instruments), including receivables financing and other debt investments, are initially measured at fair value with related transaction costs included in the initially recognized amount. These financial assets are subsequently measured at fair value, and 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.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in the profit or loss for the current period.

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

Financial assets at fair value through other comprehensive income (equity instruments), including investments in other equity instruments, are initially measured at fair value, with related transaction costs included in the initial recognition amount. These financial assets are subsequently measured at fair value, with changes in fair value included in other comprehensive income. Dividends received are included in the profit or loss for the current period.

Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to retained earnings from other comprehensive income.

④ *Financial assets at fair value through profit or loss*

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

⑤ *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss, including financial liabilities held-for-trading and derivative financial liabilities, are initially measured at fair value, with related transaction costs included in the profit or loss for the current period. The financial liabilities are subsequently measured at fair value, with changes in fair value included in the profit or loss for the current period.

Upon derecognition, the difference between its carrying amount and the consideration paid is included in the profit or loss for the current period.

⑥ *Financial liabilities at amortised cost*

Financial liabilities at amortised cost, including short-term borrowings, notes payable, accounts payable, other payable, long-term borrowings, bonds payable and long-term payable, are initially measured at fair value, with related transaction costs included in the initial recognition amount.

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

When the derecognition is implemented, the difference between the consideration paid and the carrying amount of the financial liabilities is included in the profit or loss for the current period.

(3) Recognition basis and measurement method for financial asset derecognition and financial asset Transfer

The Company derecognizes financial assets when one of the following conditions is met:

— The contractual right to receive cash flows from the financial asset is terminated;

— The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee;

— The financial assets have been transferred, though the Company neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

If the Company and the counterparty modify or renegotiate the contract, which constitutes a substantial modification, the original financial assets will be derecognized and a new financial asset will be recognized according to the modified terms.

The financial assets are not derecognized when their transfer occurs and substantially all the risks and rewards of ownership of the financial asset are retained.

In the event of determining whether the transfer of financial assets meets the derecognition conditions above, the principle of substance over form shall be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the transfer of financial assets as a whole meets the derecognition conditions, the difference between the following two amounts is recognized in the profit or loss for the current period:

① The carrying amount of the transferred financial assets;

② The sum of the consideration received from the transfer, and the accumulated change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets at fair value through other comprehensive income (debt instruments)).

Where the partial transfer of financial assets satisfies the derecognition conditions, the carrying amount of the financial assets transferred as a whole shall be apportioned between the derecognized portion and the unrecognized portion based on their respective relative fair values, and the difference between the following two amounts shall be recognized in the profit or loss for the current period:

① The carrying amount of the derecognized portion;

② The sum of the consideration received for the derecognized portion and the amount specific to the derecognized portion in the cumulative change amount of fair value originally recorded directly in shareholders' equity (in the case where the financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income (debt instrument)).

Where the transfer of financial assets doesn't satisfy the derecognition conditions, the financial assets shall be continually recognized, and the consideration received shall be recognized as one financial liability.

(4) Derecognition of financial liabilities

A financial liability (or part of it) is derecognised when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and a lender to replace the existing financial liability with a new financial liability with substantially different terms is accounted for as a derecognition of the existing financial liability and the recognition of a new financial liability.

As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognised. And financial liabilities after term revision will be recognised as a new financial liability.

Where the financial liabilities are derecognized in whole or in part, the difference between the carrying amount of financial liabilities derecognized and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognized in the profit or loss for the current period.

Where the Company repurchases part of its financial liabilities, it shall, on the repurchase date, allocate the carrying amount of financial liabilities as a whole according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the carrying amount allocated to the derecognized part and the considerations paid (including non-cash assets transferred and the new financial liabilities assumed) shall be recognised in the current profit or loss.

(5) Recognition methods of the fair value of financial assets and financial liabilities

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the valuation techniques shall be adopted to determine its fair value. At the time of valuation, the Company adopts the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are considered by market participants in transactions of relevant assets and liabilities and shall give priority in the use of observable input values. The unobservable input values may be used only when the observable input values are unable or unpractical to be obtained.

(6) Test method and accounting treatment method of impairment of financial instruments

On the basis of expected credit losses, the Company conducts impairment accounting treatment for financial assets at amortised cost, financial assets at fair value through other comprehensive income (debt instruments), and financial guarantee contracts.

When calculating the probability-weighted present value of the difference between the contractual cash flow receivable and forecasted cash flows to be received, the Company takes reasonable and supportable information such as the past events, current conditions and forecasts of future economic conditions into consideration and uses probabilities of default as the weightings. The difference is recognised as expected credit losses.

For receivables and contract assets which arise from transactions governed by the Accounting Standards for Business Enterprises No. 14 — Revenue, regardless of whether they contain a significant financing component, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

For lease receivables which arise from transactions governed by the Accounting Standards for Business Enterprises No. 21 — Leases, their loss allowance is always measured at the amount of the expected credit losses for the lifetime.

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

The Company compares financial instruments' default risk on the balance sheet date with their default risk on the date of initial recognition, to determine the relative changes in the risk of default during the expected lifetime of financial instruments, so as to assess whether the credit risk of financial instruments has increased significantly since initial recognition. The Company considers that the credit risk of a financial instrument has increased significantly if the financial instrument is overdue for more than 30 days, unless there is conclusive evidence that the credit risk has not increased significantly since initial recognition.

If the credit risk of a financial instrument is low at the balance sheet date, the Company considers that the credit risk of the financial instrument has not increased significantly since initial recognition.

If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures its loss allowance at an amount equal to the expected credit losses over the lifetime of the financial instrument. Otherwise, the Company measures its loss allowance at an amount equal to the expected credit loss of the financial instrument over the next 12 months. The resulting increase or reversal of the loss allowance is recognized as an impairment loss or gain in the profit or loss for the current period. For financial assets at fair value through other comprehensive income (debt instruments), the Company recognises its loss allowance in other comprehensive income, includes impairment loss or gain in the profit or loss for the current period, and does not reduce the carrying amount of the financial assets shown in the balance sheet.

If there is objective evidence that a receivable is credit impaired, the Company shall provide for impairment of that receivable on an individual basis.

Except for the above-mentioned receivables with provision for bad debts made on an individual basis, the Company divides the remaining financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit losses based on portfolios. The portfolio categories used by the Company for recognising expected credit losses in respect of notes receivable, accounts receivable, receivables financing, other receivables, contract assets, long-term receivables and other similar items, and the basis for determining such categories, are set out as follows:

Item	Portfolio categories	Determination basis
Accounts receivable	Aging portfolio	The aging is calculated from the date on which the Company sells products or provides services on credit to the date when the outstanding amount is recovered
Notes receivable — Commercial acceptance bills	Aging portfolio	The aging is calculated on a continuous basis from the time of sale
Other receivables — Deposits and guarantees	Aging portfolio	The aging is calculated from the date when the transaction occurs
Other receivables — Other current account portfolio	Aging portfolio	The aging is calculated from the date when the transaction occurs

The Company directly writes down the carrying amount of a financial asset when it no longer reasonably expects to recover the contractual cash flows of the financial asset in whole or in part.

12. Bills Receivables

✓Applicable ☐Not applicable

Portfolio categories and determination basis for bad debt provision by credit risk characteristic portfolios

✓Applicable ☐Not applicable

Based on the credit risk of the acceptors of the bills as the common risk characteristic, the Company classifies bills receivables into different portfolios and determines the accounting estimate policies for expected credit losses: a. For bank acceptance bills accepted by listed commercial banks, the Company assesses that such instruments have low credit risk and does not recognise expected credit losses; b. For bank acceptance bills accepted by unlisted commercial banks and commercial acceptance bills, the Company recognises loss allowance by reference to its accounting policies for accounts receivable to determine the expected loss ratio, with the same portfolio classification as that for accounts receivable.

Aging calculation method for determining credit risk characteristic portfolios based on aging

✓Applicable ☐Not applicable

Calculated continuously based on the timing of sales.

Criteria for determining bad debt provision on an individual basis

☐Applicable ✓Not applicable

13. Accounts Receivable

✓Applicable ☐Not applicable

Portfolio categories and determination basis for bad debt provision by credit risk characteristic portfolios

✓Applicable ☐Not applicable

For accounts receivable, except for individually significant receivables that are already credit-impaired for which credit losses are determined on an individual basis, the Company generally calculates expected credit losses based on credit risk characteristic portfolios, taking into account the elements that the expected credit loss measurement method should reflect, and with reference to historical credit loss experience. If the credit risk characteristics of a particular customer are significantly different from those of other customers in the combination, or if there is a significant change in the credit risk characteristics of that customer (for example, the customer experiences severe financial difficulties, resulting in the expected credit loss rate of the receivables from that customer being significantly higher than the expected credit loss rate for its aging or overdue bracket), the Company makes a loss allowance for the receivables from that customer on an individual basis.

Aging calculation method for determining credit risk characteristic portfolios based on aging

✓Applicable ☐Not applicable

The aging of accounts receivable is determined from the date on which the Company sells products or provides services on credit to the date when the outstanding amount is recovered.

Criteria for determining provision for bad debts on an individual basis

✓Applicable ☐Not applicable

For the accounts receivable with objective evidence of impairment, and other accounts receivable subject to separate assessment, impairment tests are individually conducted by the Company on balance sheet date to recognise the expected credit loss and to provide an individual impairment allowance. For the accounts receivable without objective evidence of impairment or the expected credit loss cannot be estimated for an individual financial asset at a reasonable cost, the Company grouped accounts receivable in accordance with credit risk characteristics and calculated the expected credit loss based on portfolios.

14. Accounts Receivable Financing

✓Applicable ☐Not applicable

Portfolio categories and determination basis for bad debt provision by credit risk characteristic portfolios

☐Applicable ✓Not applicable

Aging calculation method for determining credit risk characteristic portfolios based on aging

☐Applicable ✓Not applicable

Criteria for determining bad debt provision on an individual basis

☐Applicable ✓Not applicable

15. Other Receivables

✓Applicable ☐Not applicable

Portfolio categories and determination basis for bad debt provision by credit risk characteristic portfolios

✓Applicable ☐Not applicable

For other receivables, the Company is unable to obtain sufficient evidence at reasonable cost at the individual instrument level regarding a significant increase in credit risk, while it is feasible to assess whether there is a significant increase in credit risk on a portfolio basis. Therefore, the Company groups other receivables based on common risk characteristics, including financial instrument type, credit risk rating, type of collateral, date of initial recognition, remaining contract term, industry in which the debtor operates, geographic location of the debtor, and the value of collateral relative to the financial asset, and assesses on a portfolio basis whether there is a significant increase in credit risk.

Aging calculation method for determining credit risk characteristic portfolios based on aging

✓Applicable ☐Not applicable

Based on information such as the aging of other receivables, the nature of the amounts, credit risk exposure and historical collection records, the Company groups other receivables according to the similarity and relevance of their credit risk characteristics. For other receivables, the Company determines that aging is the primary factor affecting their credit risk. Therefore, the Company assesses the expected credit losses of other receivables on the basis of aging combinations.

Criteria for determining bad debt provision on an individual basis

✓Applicable ☐Not applicable

On the balance sheet date, the Company separately performs impairment testing on other receivables for which there is objective evidence of impairment and other receivables that are subject to individual assessment, recognises expected credit losses and makes individual impairment provisions. For other receivables for which there is no objective evidence of impairment, or when it is not practicable to assess the expected credit losses of an individual financial asset at a reasonable cost, the Company calculates expected credit losses on a portfolio basis by grouping them according to their credit risk characteristics.

16. Inventories

✓Applicable ☐Not applicable

Categories of inventories, valuation method for determining cost, inventory system, and amortisation methods for low-value consumables and packaging materials

✓Applicable ☐Not applicable

1. *Classification and cost of inventories*

   Inventories are classified as: materials in transit, raw materials, semi-finished goods, finished goods, work in progress, goods in transit, materials outsourced for processing, etc.

   Inventories are initially measured at cost, which includes purchase costs, processing costs and other costs incurred in bringing the inventories to their present location and condition.

2. *Valuation method for determining cost of inventories issued*

   Inventories are valued using the weighted average method when they are in transit.

3. *Inventory system*

   The perpetual inventory system is adopted.

4. *Amortisation methods for low-value consumables and packaging materials*

   (1) Low-value consumables are amortised using the write-off method at the time of issuance;

   (2) Packaging materials are amortised using the write-off method at the time of issuance.

Recognition criteria and measurement method for provision for inventory write-down

✓Applicable ☐Not applicable

On the balance sheet date, inventories shall be measured at the lower of cost and net realisable value. Where the cost of inventories exceeds their net realisable value, provision for decline in value of inventories shall be made. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, estimated selling expenses and related taxes.

For finished goods, merchandise inventory and materials held for sale that are directly sold as merchandise inventories, their net realisable value is determined, in the normal course of production and operation, based on the estimated selling price of such inventories less estimated selling expenses and related taxes. For material inventories that require further processing, their net realisable value is determined, in the normal course of production and operation, based on the estimated selling price of the finished goods produced less the estimated costs of completion, estimated selling expenses and related taxes. For inventories held for the performance of sales contracts or service contracts, their net realisable value is calculated based on the contract price. If the quantity of inventories held exceeds the quantity ordered under sales contracts, the net realisable value of the excess portion is calculated based on general selling prices.

After a provision for inventory write-down is recognised, if the factors that previously caused the write-down of inventories no longer exist, resulting in the net realisable value of inventories exceeding their carrying amount, the reversal is made within the amount of the original provision for inventory write-down, and the amount reversed is recognised in profit or loss for the current period.

Categories of portfolios and basis for determination for provision for inventory write-down made on a collective basis, and basis for determining net realisable value of inventories by category

☐Applicable ✓Not applicable

Calculation method and basis for determining net realisable value of each aging portfolios for determining net realisable value of inventories based on aging

☐Applicable ✓Not applicable

17. Contract Assets

☐Applicable ✓Not applicable

18. Non-current Assets or Disposal Groups Held for Sale

☐Applicable ✓Not applicable

Recognition criteria and accounting treatment methods for classification as non-current assets or disposal groups held for sale

☐Applicable ✓Not applicable

Criteria for identifying discontinued operations and presentation methods

☐Applicable ✓Not applicable

19. Long-term Equity Investments

✓Applicable ☐Not applicable

1. Criteria for determining joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Where the Company, together with other joint venturers, exercises joint control over an investee and has rights to the net assets of the investee, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Where the Company has significant influence over an investee, the investee is an associate of the Company.

2. Determination of initial investment cost

(1) *Long-term equity investments arising from corporate combinations*

For long-term equity investments in subsidiaries arising from corporate combinations under common control, the initial investment cost is recognised at the combining date as the share of the carrying amount of the equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the consideration paid is adjusted against the share premium in the capital reserve; if the share premium in the capital reserve is insufficient to absorb the difference, the difference is adjusted against retained earnings. Where control over an investee under common control is achieved through additional investments, the difference between the initial investment cost of the long-term equity investment recognised in accordance with the above principles and the sum of the carrying amount of the long-term equity investment before the combination and the carrying amount of the further consideration paid at the combining date for the additional shares acquired is adjusted against share premium; if the share premium is insufficient to absorb the difference, the difference is charged against retained earnings.

For long-term equity investments in subsidiaries arising from corporate combinations not under common control, the initial investment cost is recognised at the combination cost determined at the acquisition date. Where control over an investee not under common control is achieved through additional investments, the initial investment cost is the sum of the carrying amount of the original equity investment and the cost of the additional investment.

(2) *Long-term equity investments acquired through means other than corporate combinations*

For long-term equity investments acquired by cash payment, the initial investment cost is the actual purchase price paid.

For long-term equity investments acquired through the issuance of equity securities, the initial investment cost is the fair value of the equity securities issued.

3. Subsequent measurement and method of recognising profit or loss

(1) *Long-term equity investments accounted for using the cost method*

The Company accounts for its long-term equity investments in subsidiaries using the cost method, unless the investment meets the criteria for classification as held for sale. Except for cash dividends or profits that have been declared but not yet distributed and are included in the actual purchase price or consideration paid at the time of acquisition, the Company recognises investment income for the current period based on its share of cash dividends or profits declared by the investee.

(2) *Long-term equity investments accounted for using the equity method*

For long-term equity investments in associates and joint ventures, the equity method of accounting is adopted. Where the initial investment cost exceeds the investor’s share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is not adjusted against the initial investment cost of the long-term equity investment; where the initial investment cost is less than the investor’s share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognised in profit or loss for the current period, with a corresponding adjustment to the cost of the long-term equity investment.

The Company recognises investment income and other comprehensive income based on its share of the net profit or loss and other comprehensive income of the investee, with a corresponding adjustment to the carrying amount of the long-term equity investment; the Company's share of profits or cash dividends declared and distributed by the investee is calculated and recognised, with a corresponding reduction in the carrying amount of the long-term equity investment; for changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution (collectively referred to as "**other changes in equity**"), the Company adjusts the carrying amount of the long-term equity investment and recognises the adjustment in equity.

In recognising its share of the net profit or loss, other comprehensive income and other changes in equity of the investee, the Company makes adjustments based on the fair value of the identifiable net assets of the investee at the time of acquisition, and after adjusting the net profit and other comprehensive income of the investee in accordance with the Company's accounting policies and accounting periods, recognises its share accordingly.

Unrealised gains and losses arising from transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's proportionate share, and investment income is recognised on this basis, except where the assets contributed or sold constitute a business. Unrealised losses arising from transactions with the investee that represent asset impairment losses are recognised in full.

For the net losses incurred by joint ventures or associates, the Company reduces the carrying amount of the long-term equity investment and other long-term interests that in substance form part of the Company's net investment in the joint venture or associate to zero, except to the extent that the Company has an obligation to bear additional losses. When the joint venture or associate subsequently generates net profits, the Company resumes recognising its share of profits only after the share of profits has compensated for the unrecognised share of losses.

(3) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between its carrying amount and the actual proceeds received is recognised in profit or loss for the current period.

For partial disposal of a long-term equity investment accounted for using the equity method, where the remaining equity interest continues to be accounted for using the equity method, other comprehensive income previously recognised under the equity method is carried forward on a proportionate basis using the same basis as that which would be applied if the investee had directly disposed of the related assets or liabilities, and other changes in equity are carried forward proportionately to profit or loss for the current period.

Where joint control over or significant influence over an investee is lost due to disposal of equity investment or other reasons, other comprehensive income previously recognised in respect of the original equity investment accounted for using the equity method is accounted for on the same basis as would be applied if the investee had directly disposed of the related assets or liabilities when the equity method is discontinued, and other changes in equity are transferred in full to profit or loss for the current period when the equity method is discontinued.

Where control over an investee is lost due to disposal of a portion of the equity investment or other reasons, in preparing the separate financial statements, if the remaining equity interest can exercise joint control over or significant influence over the investee, the Company changes to the equity method of accounting and adjusts the remaining equity interest as if it had been accounted for using the equity method from the date of acquisition. Other comprehensive income recognised prior to obtaining control over the investee is carried forward on a proportionate basis using the same basis as would be applied if the investee had directly disposed of the related assets or liabilities, and other changes in equity recognised under the equity method are carried forward proportionately to profit or loss for the current period. If the remaining equity interest cannot exercise joint control over or significant influence over the investee, it is recognised as a financial asset, and the difference between its fair value and carrying amount at the date of loss of control is recognised in profit or loss for the current period, while other comprehensive income and other changes in equity recognised prior to obtaining control over the investee are transferred in full.

Where the disposal of equity investment in a subsidiary is carried out through multiple transactions step by step until control is lost, and such transactions are considered a package transaction, the transactions are accounted for as a single transaction for the disposal of equity investment in the subsidiary and loss of control. Prior to the loss of control, the difference between the consideration received from each disposal and the carrying amount of the long-term equity investment corresponding to the equity interest disposed of is recognised in other comprehensive income in the separate financial statements, and transferred together to profit or loss for the current period in which control is lost. If the transactions do not constitute a package transaction, each transaction is accounted for separately.

20. Investment Properties

Not applicable.

21. Fixed Assets

(1) Conditions of recognition

✓Applicable ☐Not applicable

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

(1) it is probable that the economic benefits associated with the fixed asset will flow into the Company;

(2) the cost of the item can be reliably measured.

Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the assets is considered.

Subsequent expenditures associated with fixed assets are capitalized to the cost of the fixed assets when it is probable that the associated economic benefits will flow to the Company and the cost can be measured reliably. The carrying amount of the replaced component is derecognized. All other subsequent expenditures are recognized in profit or loss when incurred.

(2) Depreciation method

✓Applicable ☐Not applicable

Category	Depreciation method	Depreciation period (years)	Residual value rate	Annual depreciation rate
Buildings and structures	Straight-line method	10-30	4%	3.20%-9.60%
Production equipment	Straight-line method	2-10	4%-5%	9.50%-48%
Electronic equipment	Straight-line method	3	4%-5%	31.67%-32%
Transportation equipment	Straight-line method	4	4%-5%	23.75%-24%
Office equipment	Straight-line method	5	4%-5%	19.00%-19.2%

22. Construction in Progress

✓Applicable ☐Not applicable

Construction in progress is measured at actual costs incurred. Actual costs include construction costs, installation costs, borrowing costs that meet the criteria for capitalisation, and other necessary expenditures incurred to bring the construction in progress to the intended usable condition. When construction in progress reaches the intended usable condition, it is transferred to property, plant and equipment and depreciation begins from the following month. The criteria and timing for the transfer of construction in progress to property, plant and equipment are as follows:

Category	Criteria and timing for transfer to property, plant and equipment
Factory building construction	Reaches the intended usable condition and passes the Company's acceptance inspection
Equipment installation	Reaches the intended usable condition and passes the Company's acceptance inspection
Routine renovation	Reaches the intended usable condition and passes the Company's acceptance inspection

23. Borrowing Costs

✓Applicable ☐Not applicable

(1) Capitalization of borrowing cost

Borrowing costs directly attributable to the acquisition, construction or origination of assets qualified for capitalisation are capitalized as part of the cost of those assets. Other borrowing costs are recognised as expenses in the period in which they are incurred and charged to profit or loss for the current period.

Assets qualified for capitalization condition refer to the fixed assets, investment properties and inventories, which need a rather long acquisition and construction activities or production activities to reach up to the scheduled available or salable state.

(2) ***Capitalisation period for borrowing costs***

The capitalisation period refers to the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended.

Capitalisation of borrowing costs commences when all of the following conditions are met:

① The capital expenditure has been incurred, which includes the expenditure incurred by paying cash, transferring non-cash assets or undertaking interest-bearing liabilities for acquiring, constructing or producing the qualifying assets;

② the borrowing costs have been incurred;

③ the acquisition, construction or production activity necessary for the asset to be ready for its intended use or sale has been started.

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 profit or loss for the current period. When the acquisition, construction or production of the asset resumes, the capitalisation of borrowing costs continues.

(4) ***Calculation methods for capitalisation rate and capitalised amount of the 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 current 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 of the excess of cumulative asset disbursements over specific borrowings by 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 recognised in profit or loss for the current period when incurred.

24. Biological Assets

☐Applicable ✓Not applicable

25. Oil and Gas Assets

☐Applicable ✓Not applicable

26. Intangible Assets

(1) *Useful life and its determination basis, estimating, amortizing method or reviewing procedure*

✓Applicable ☐Not applicable

1. *Measurement of intangible assets*

(1) *Intangible assets are initially measured at cost upon acquisition by the Company*

The costs of an externally purchased intangible asset include the purchase price, relevant tax expenses, and other expenditures directly attributable to bringing the asset ready for its intended use.

(2) *Subsequent measurement*

The useful life of an intangible asset is analysed and determined at the time of acquisition.

As for intangible assets with a finite useful life, they are amortised over the term in which economic benefits are brought to the corporate; If the term in which economic benefits are brought to the corporate by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with indefinite useful life, and shall not be amortised.

2. *Estimate of useful life for the intangible assets with finite useful life*

Item	Estimated useful life	Amortisation method	Residual value rate	Basis for determining estimated useful life
Land use rights	50 years	Straight-line method	0%	Terms of land use right
Software	3 years	Straight-line method	0%	Estimated useful life of the software
Patent rights — trademarks	10 years	Straight-line method	0%	Estimated useful life of the trademark

(1) *Scope of attribution of R&D expenditures and related accounting treatment*

✓Applicable ☐Not applicable

1. Scope of attribution of R&D expenditures:

Expenditures incurred in the Company's research and development activities include employee compensation for personnel engaged in R&D activities, materials consumed, relevant depreciation and amortisation expenses and other related expenditures, and are attributed in the following manner:

Employee compensation for personnel engaged in R&D activities mainly refers to the employee compensation of personnel directly engaged in R&D activities, as well as management and direct service personnel closely related to R&D activities;

Materials consumed primarily refer to materials requisitioned directly for R&D purposes;

Relevant depreciation and amortisation expenses refer to: depreciation expenses of equipment dedicated to R&D activities, as well as depreciation and amortisation expenses of shared facilities of the R&D department allocated to R&D activities based on equipment operating hours and the floor area of buildings in use.

2. Specific criteria for dividing the research phase and development phase:

The expenditures of the Company's internal research and development projects are divided into expenditures for the research phase and expenditures for the development phase.

Research phase: The phase in which creative and planned investigation and research activities are conducted to acquire and understand new scientific or technical knowledge.

Development phase: The phase in which the research findings or other knowledge are applied to a plan or design to manufacture new or substantially improved materials, devices or products before commercial production or utilization.

3. Specific conditions for capitalization of expenditures in the development phase:

Expenditure on the research phase is recognised in profit or loss for the current period as incurred. Expenditure on the development phase will be recognised as intangible assets while satisfying the following conditions and expenditures in the development phase that do not meet the following conditions are charged to profit or loss for the current period: It is technically feasible that the intangible asset can be used or sold upon completion; There is intention to complete the intangible asset for use or sale; There is evidence that the products produced using the intangible asset having a market or the intangible asset itself has a market, and there is evidence to proof the usefulness of intangible assets for internal use; There is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; The expenses attributable to the development stage of the intangible asset can be measured reliably. If it is not possible to distinguish between research and development expenditures, all research and development expenditures incurred are included in the profit or loss for the current period.

27. Impairment of Long-term Assets

✓Applicable ☐Not applicable

For long-term assets such as long-term equity investments, investment properties measured using the cost model, investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, and oil and gas assets, an impairment test is performed when there is any indication of impairment at the end of the Reporting Period. If the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an impairment provision is recognised for the difference and charged to impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the estimated future cash flows expected to be derived from the asset. Impairment provisions are calculated and recognised on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs is determined. An asset group is the smallest group of assets that can generate cash inflows independently.

Goodwill formed by business merger, intangible assets with indefinite useful life 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.

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 recognize 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.

28. Long-term Prepaid Expenses

✓ Applicable ☐ Not Applicable

Long-term prepaid expenses refer to expenses that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

The amortization period and method for each category of expenses are as follows:

Item	**Amortization period**	**Amortization method**
Renovation fees	36 months	Straight-line method
Landscaping and greening of factory premises	60 months	Straight-line method
Workshop and equipment modifications	60 months	Straight-line method

29. Contract Liabilities

✓ Applicable ☐ Not Applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The obligation of the Company to transfer goods or provide services to customers for which the consideration is received or receivable is presented as contract liabilities. Contract assets and contract liabilities under the same contract shall be shown on a net basis.

30. Employee Remuneration

(1) Accounting treatment of short-term benefits

✓ Applicable ☐ Not Applicable

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

With regard to contributions to social insurance schemes and housing provident funds and provision for labor union expenses and employee education expenses as required by regulations, the Company should calculate and recognize the corresponding employee benefits payables according to the provision 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 profit or loss for the current period or related asset costs as incurred. Among these, the non-monetary welfare is measured at fair value.

(2) *Accounting treatment of post-employment benefits*

✓ Applicable ☐ Not Applicable

① *Defined contribution scheme*

The Company will pay basic pension insurance and unemployment insurance in accordance with the relevant provisions of the local government for the staff. 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 recognized as liabilities, and the liabilities would be charged into profit or loss for the current period or costs of assets. In addition, the Company also participates in a corporate annuity plan/supplementary pension insurance fund approved by the relevant national authorities. The Company pays a certain proportion of the total wages of employees to the corporate annuity plan/local social insurance institutions, and the corresponding expenses are included in the profit or loss for the current period or the cost of related assets.

② *Defined benefit scheme*

The welfare responsibilities generated from defined benefit scheme based on the formula determined by projected unit credit method would be vested to the service period of the staff and charged into profit or loss for the current period or costs of relevant assets.

The deficit or surplus generated from the present value of obligations of the defined benefit scheme minus the fair value of the assets of defined benefit scheme is recognized as net liabilities or net assets. When the defined benefit scheme has surplus, the Company will measure the net assets of the defined benefit scheme at the lower of the surplus of defined benefit scheme 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 scheme and the net interest of the net liabilities and net assets of the defined benefit scheme would be charged to profit or loss for the current period or relevant costs of assets. The changes arising from the remeasurement of the net liabilities or net assets of the defined benefit scheme 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 included in other comprehensive income shall be transferred to undistributed profit.

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

(3) Accounting treatment of Termination benefits

✓ Applicable ☐ Not Applicable

When providing termination benefits, the Company recognizes the liability in staff wages arising from termination benefits and recorded in profit or loss for the current period at the earlier of the following dates: when the Company cannot unilaterally withdraw the offer of termination benefits resulting from the employment termination plan or the proposed layoff; and when the Company recognizes costs or expenses for restructuring involving the payment of termination costs.

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

☐ Applicable ✓ Not applicable

31. Estimated liabilities

✓ Applicable ☐ Not Applicable

The Company shall recognize an obligation related to contingent event as an estimated liability, when all the following conditions are satisfied simultaneously:

(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 out of the Company;

(3) the amount of such obligation can be reliably measured.

The estimated liabilities 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 outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimates will be determined at the average amount of upper and lower limits within the range; under other circumstances, the best estimates shall be treated as follows in different circumstances:

(1) If the contingency involves a single item, it shall be determined at the most likely outcome.

(2) If a contingency involves multiple items, it shall be recognized base on various possible results and the dependent probability.

When all or some of the expenses necessary for the liquidation of estimated liabilities of the Company are expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of estimated liabilities.

The company reviews the carrying amount of a provision at the balance sheet date. If there is solid evidence that the carrying amount cannot reflect the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

32. Share-based payments

✓ Applicable ☐ Not Applicable

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

(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. For share-based payment transactions that are vested immediately upon grant, the fair value of the equity instruments is recognized in the relevant costs or expenses on the grant date, with a corresponding increase in capital reserve. For share-based payment transactions that become vested only after the completion of a service period or upon meeting specified performance conditions during the vesting period, on each balance sheet date within the vesting period, the Company recognizes the services obtained during the current period in the relevant costs or expenses based on the best estimate of the number of equity instruments expected to vest, at the fair value on the grant date, with a corresponding increase in capital reserve.

If the terms of the equity-settled share-based payment are amended, the Company shall recognize 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 recognized as an increase in the service received.

During the vesting period, if the cancelled equity instruments granted by the Company to cancel the equity instruments granted amount treated as accelerated vesting of the remaining period should be recognized immediately in profit or loss for the current period, while recognizing capital reserves. However, if new equity instruments are vested and they are verified at the vesting date of new equity instrument as alternatives vested to cancel 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.

(2) Cash-settled share-based payments 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 Group. If the share-based payment transactions granted to employee's 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 current 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 current 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 recognized for the cash-settled share-based payment on the date of modification shall be derecognized, and the difference in between shall be included in profit or loss for the current 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.

33. Other financial instruments such as preferred shares and perpetual bonds

☐ Applicable ✓ Not applicable

34. Revenue

(1) Disclosure of accounting policies adopted for revenue recognition and measurement by business types

✓ Applicable ☐ Not Applicable

If the Company satisfies its performance obligations in a contract, it will recognize revenue when the customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be amortized to individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Company measures revenue at the transaction price amortized to individual performance obligation.

The transaction price refers to the amount of consideration the Company is expected to have the right to take on account of the transfer of goods or services to the customer, excluding the payments charged on behalf of any third party and the payments expected to be refunded to the customer. The Company determines the transaction price according to the contract terms and in light of its previous regular practice, in the meantime, factors such as variable consideration, significant financing component existing in the contract, non-cash consideration, and consideration payable to customers will be taken into account. The Company determines the transaction price involving the variable consideration at the amount that should not exceed the amount of accumulatively recognized revenue that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. If the significant financing component covered in the contract, the Company will determine the transaction price based on the amount of cash payable at once by the customer when the customer acquires the right of control over goods or services, as assumed, and amortize the difference between such transaction price and the contract consideration by the effective interest method during the contract period.

The obligation performance belongs to certain period in case one of the following conditions is met; otherwise, it belongs to certain time-point:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation.

- Customers are able to control the goods under construction by the Company in the course of performing obligations.

- The goods produced in the course of performing obligations have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date throughout the contract period.

For a performance obligation to be performed within a certain period, the Company recognizes the revenue according to the performance progress during such period, except for the case that the performance progress cannot be reasonably determined. The Company may determine the performance progress by the output method or input method based on the nature of goods or service. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue will be recognized by the Company at the amount of the cost incurred until the performance progress can be reasonably determined.

The revenue from obligation performance belonging to certain time-point is recognized by the Company when the customer has acquired the right of control over relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired the right of control over relevant goods or services:

- The Company enjoys the current right to collect the payment for such goods or service, i.e., the customer has the current payment obligation for such goods or service.

- The Company has transferred the legal ownership of such goods to the customer, i.e., the customer possesses the legal ownership of such goods.

- The Company has transferred goods to the customer in kind, i.e., the customer has possessed such goods in kind.

- The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e., the customer has acquired the substantial risks and rewards of the ownership of such goods.

- The customer has accepted such 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 recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Company is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled.

The Company's sales revenue is derived from performance obligations satisfied at a point in time, and revenue is recognized when the customer obtains control of the relevant goods. Specifically:

① For domestic sales: revenue is recognized when the Company has delivered the relevant goods to the customer in accordance with the terms of the contract and the customer has confirmed acceptance, at which point control of the relevant goods is transferred;

② For export sales: revenue is recognized when the Company has completed customs declaration for the products in accordance with the terms of the contract and obtained the customs declaration form. If the contract requires delivery to a designated location of the customer, control of the relevant goods is transferred upon delivery to and confirmation by the customer;

③ For leasing and other services: rental income is recognized on a straight-line basis over the lease term in accordance with the terms of the contract. Income from other services is recognized over the corresponding service period in accordance with the terms of the contract.

(2) Different revenue recognition and measurement approaches for similar businesses under different operating models

✓ Applicable ☐ Not Applicable

The Company's sales revenue is derived from performance obligations satisfied at a point in time, and revenue is recognized when the customer obtains control of the relevant goods. Specifically:

(1) For domestic sales: revenue is recognized when the Company has delivered the relevant goods to the customer in accordance with the terms of the contract and the customer has confirmed acceptance, at which point control of the relevant goods is transferred;

(2) For export sales: revenue is recognized when the Company has completed customs declaration for the products in accordance with the terms of the contract and obtained the customs declaration form. If the contract requires delivery to a designated location of the customer, control of the relevant goods is transferred upon delivery to and confirmation by the customer;

(3) For leasing and other services: rental income is recognized on a straight-line basis over the lease term in accordance with the terms of the contract. Income from other services is recognized over the corresponding service period in accordance with the terms of the contract.

35. Contract Costs

✓ Applicable ☐ Not Applicable

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 recognized as an asset as contract performance costs when the following conditions are met:

(1) This cost is directly related to a current or expected contract.

(2) This cost increases the resources of the Company to fulfill its performance obligations in the future.

(3) 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 recognized 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 amortization period of the contract acquisition cost is less than one year, the Company will include it into the profit or loss for the current period when is 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 recognize 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 carrying amount 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 current period as incurred to the extent the carrying amount of the reversed asset shall not exceed the carrying amount of the asset on the date of the reverse assuming no provision for impairment is made.

36. Government grants

✓ Applicable ☐ Not Applicable

(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.

The specific standard that the Company make classification of the asset-related grants: government grants received by the Company that are used for the acquisition, construction or otherwise formation of long-term assets.

The specific standard that the Company make classification of the income-related grants: government grants received by the Company other than those asset-related government grants.

If the recipients of the grants are not specified in the government documents, the Company shall classify such government grants as assets-related or income-related to income based on whether such government grants are to be used for purchase or construction or to form long-term assets otherwise.

(2) *Timing for recognition*

Government grants are recognized 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 recognized as deferred income. The amount recognized as deferred income shall be recorded in profit or loss for the current period 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 recognized as deferred income and recorded in profit or loss for the current period when such costs and losses are recognized (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 profit or loss for the current period (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 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.

37. Deferred income tax assets/deferred income tax liabilities

✓ Applicable ☐ Not Applicable

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

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

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

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

(1) the initial recognition of the goodwill;

(2) 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 recognized 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 utilized, the corresponding deferred tax assets are recognized.

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 each 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 carrying amount of the deferred tax asset will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

When the Group 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 and presented on a net basis when all of the following conditions are met:

(1) When the taxable entity has the legal right to set off current income tax assets and current income tax liabilities on a net basis;

(2) 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.

38. Lease

✓ Applicable ☐ Not Applicable

As the judgement basis and accounting treatment method for the lessee to simplify short-term lease and low value asset lease

✓ Applicable ☐ Not Applicable

(1) Right-of-use assets

At the commencement date of lease term, the Company recognizes 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:

① the amount of the initial measurement of lease liability;

② lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);

③ initial direct costs incurred by the Company;

④ 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.

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. (27) 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 recognizes 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:

① fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive);

② variable lease payments that are based on an index or a rate;

③ amounts expected to be payable under the guaranteed residual value provided by the Company;

④ the exercise price of a purchase option if the Company is reasonably certain to exercise that option;

⑤ 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 as the discount rate.

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 for the current period or cost of relevant assets.

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

After the commencement date of lease term, if the following circumstances occur, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. If the carrying amount 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 profit or loss for the current period:

① 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;

② 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, the present value is calculated using the revised discount rate.

(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 for the current period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases refer to leases with a lease term of not more than 12 months from the commencement date of the lease and excluding a purchase option. Leases of low-value assets refer to the lease of a single lease asset with lower value when it is brand 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:

① the lease change expands the scope of lease by increasing the rights to use one or more leased assets;

② the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

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 profit or loss for the current period. 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.

Criteria for classification and accounting treatment methonds of leases as lessors

✓Applicable ☐Not applicable

At the commencement date of lease term, the Company classifies leases as finance leases and operating leases. A finance 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 finance 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 receivables 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 profit or loss for the current period by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the lease receivables shall be recognised in profit or loss for the current 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.

(2) Accounting treatment of finance leases

At the commencement date of lease term, the Company recognises finance lease receivables for finance leases and derecognizes finance lease as assets. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. Net lease investment is the sum of the unguaranteed residual value and the present value of the lease receivables 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. Derecognition and impairment losses of finance lease receivables are accounted for in accordance with the Note "V. 11. Financial instruments".

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

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

① the change expands the scope of lease by adding the right to use one or more leased assets;

② the increased 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 finance lease is not accounted for as a separate lease, the Company deals with the lease after the change according to the following situation:

① 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 lease change and the net lease investment prior to the effective date of the lease change is taken as the carrying amount of the leased assets;

② in case where the lease would have been classified as a finance 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 the Note "V. 11. Financial instruments".

Accounting treatment methonds of 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 the Note "V. 34. Revenue".

(1) As the lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use assets according to the carrying amount of the original assets regarding the right-of-use obtained by the leaseback, and only recognizes the relevant gains or losses for the right transferred to the lessor.

After the commencement date of the lease, the subsequent measurement of right-of-use assets and lease liabilities and lease changes are detailed in the Note "V. 37. Lease". The manner in which the Company determines the lease payments or the modified lease payments does not result in the recognition of gains or losses related to the right to use acquired from the leaseback, in the subsequent measurement of lease liabilities arising from the sale and leaseback.

If the asset transfer in the sale and leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred assets and recognize a financial liability whose amount equal to the transferred income at the same time. For the accounting treatment of financial liabilities, please refer to the Note "V. 11. Financial instruments".

(2) As the lessor

If the asset transfer in the sale and leaseback transaction is considered as sales, the Company, as the lessor, shall account for purchase of the assets and account for the lease of the assets in accordance with the aforementioned policy; if the asset transfer in the sale and leaseback transaction is not considered as sales, the Company, as the lessor, shall not recognize the transferred asset, but recognize a financial asset equal to the transfer income. For the accounting treatment of financial assets, please refer to the Note "V. 11. Financial instruments".

39. Other Important Accounting Policies and Accounting Estimates

✓Applicable ☐Not applicable

I. Hedge accounting

1. Classification of hedging

(1) A 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) A 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 exchange risk in an unrecognised firm commitment.

(3) A 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 enterprise's equity interest in the net assets 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 Group 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 during 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 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 appropriate, 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.

3. *Methods of hedge accounting*

(1) Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss for the current period. The change in the fair value of the hedged item attributable to the risk hedged is recognised in profit or loss for the current period, and also adjusts the carrying amount of the hedged item.

For fair value hedges relating to financial instruments carried at amortised cost, the adjustment to carrying amount of the hedged item is amortised through profit or loss for the current period 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 amortised to profit or loss for the current period. Amortisation 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 unamortised fair value is recognised immediately in profit or loss for the current period.

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 profit or loss for the current period. The changes in the fair value of the hedging instrument are also recognised in profit or loss for the current period.

(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 in profit or loss for the current period.

Amounts taken to other comprehensive income are transferred to the profit or loss for the current period when the hedged transaction affects profit or loss for the current period, 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 liability, the amounts shall be included in profit or loss for the current period).

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in other comprehensive income are transferred to profit or loss for the current period. 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 profit or loss for the current period.

(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 profit or loss for the current period. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is reclassified to profit or loss for the current period.

II. Repurchase of shares of the Company

1. For capital reduction by means of repurchase of shares of the Company under statutory approval, the capital is reduced by the total nominal value of the shares cancelled. The difference between the consideration paid for the repurchase of shares (including the transaction costs) and the nominal value of the shares is adjusted in the shareholders' equity. The excess of consideration paid over the total nominal value is adjusted in the capital reserve (share premium), surplus reserve and retained profits in sequence. The shortfall from the total nominal value is credited to capital reserve (share premium).

2. The shares repurchased by the Company are managed as treasury shares until they are canceled or transferred, and all expenses for the repurchased shares are transferred to the costs of treasury shares.

3. Upon the transfer of treasury shares, the excess of proceeds from the transfer over the cost of treasury shares is credited to capital reserve (share premium); whereas the shortfall from the cost of treasury shares is deducted against the capital reserve (share premium), surplus reserve and retained profits in sequence.

40. Change in significant accounting policies and accounting estimates

(1) Change in significant accounting policies

☐Applicable ✓Not applicable

(2) Change in significant accounting estimates

☐Applicable ✓Not applicable

(3) Adjustments to financial statements at the beginning of the year in which the new accounting standards or interpretations were implemented for the first time since 2026

☐Applicable ✓Not applicable

41. Others

✓Applicable ☐Not applicable

Material Accounting Estimates and Judgements:

(1) Impairment of accounts receivable

The management of the Company judges the recoverability of accounts receivable, other receivables and contract assets on a timely basis to estimate the provision for impairment of accounts receivable and other receivables. Whenever any events or changes in circumstances that indicate that the Company may not be able to recover the relevant balance, it is necessary to use estimates and make provisions for accounts receivable and other receivables. If the expected figure is different from the original estimates, such difference will affect the carrying amounts of accounts receivable and other receivables, as well as the impairment charges during the period in which the estimates are revised.

(2) Provision for impairment of inventories

The management of the Company judges the net realisable value of inventories on a timely basis to estimate the provision for impairment of inventories. Whenever any events or changes in circumstances that indicate that such inventory may not be able to achieve the relevant value, it is necessary to use estimates and make provisions for inventory. If the expected figure is different from the original estimates, such difference will affect the carrying amount of inventories, as well as the impairment charges during the period in which the estimates are revised.

(3) Income tax and deferred tax

In the normal course of business, the ultimate tax treatment of many transactions and matters is subject to uncertainty. The Company is required to make significant judgments in determining the income tax expense. If the final outcome of these tax matters differs from the amounts initially recorded, such differences will affect the income tax expense and the amount of deferred tax recognised in the period in which such final determination is made.

The estimation of deferred tax assets requires estimates of the taxable profits and applicable tax rates for future years. The recognition of deferred tax assets is dependent on whether it is probable that the Company will generate sufficient taxable profits in the future. Changes in future tax rates and the timing of reversal of temporary differences may also affect the tax expense (income) and the balance of deferred tax. Variations in the above estimates may result in adjustments to deferred tax.

(4) The estimated useful life and estimated net residual value of fixed assets

The management of the Company is responsible for assessing and confirming the estimated useful life and estimated net residual value of fixed assets. Such estimates are based on the historical actual useful life and actual net residual value of fixed assets with similar nature and functions. In the course of the use of fixed assets, the economic environment, technological environment and other environments surrounding them may have a significant impact on the useful life and the expected net residual value of fixed assets. If the estimates of the useful life and the net residual value of fixed assets are different from the original estimates, the management of the Company will make appropriate adjustments.

VI. TAXATION

1. Main Types of Taxes and Corresponding Rates

Main types of taxes and corresponding rates

✓Applicable ☐Not applicable

Tax Type	Tax basis	Tax rate
Value-added tax	Output VAT is calculated on goods sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable	13%, 9%, 6%, 5%, 1%
City maintenance and construction tax	Based on value-added tax and consumption taxes paid	7%, 5%
Enterprise income tax	Based on taxable profits	25%, 24%, 17%, 16.5%, 15%, 5%
Japan consumption tax	Value-added amount	10%

Disclosure of information regarding entities subject to different enterprise income tax rates

✓Applicable ☐Not applicable

Name of taxpayer	Income tax rate (%)
SICC Co., Ltd. (山東天岳先進科技股份有限公司)	15
Shandong Tianyue New Materials Technology Co., Ltd. (山東天岳新材料技術有限公司)	5
Shanghai Yuefu Technology & Trading Co., Ltd. (上海越服科貿有限公司)	25
Shanghai Tianyue Semiconductor Material Co., Ltd. (上海天岳半導體材料有限公司)	15
SICC GLOBAL株式會社	Note 1
Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司)	5
SKY SPUR INVESTMENT LIMITED (極領投資有限公司)	16.50
VISIONARY HORIZON PTE.LTD	17
SICC-Europe-GmbH	15
Jining Tianyue Semiconductor New Material Co., Ltd. (濟寧天岳半導體新材料有限公司)	25
SICC Malaysia Holdings Inc	0
Mega Materials Sdn. Bhd	24
VH Investment Inc	0
Shanghai Zhuhuan Technology Co., Ltd. (上海鑄幻科技有限公司)	5
SICC INTERNATIONAL LIMITED	16.50
Daiwo (Shenzhen) Semiconductor Technology Co., Ltd. (岱沃(深圳)半導體技術有限責任公司)	25

Note 1: SICC GLOBAL株式會社 is established in Japan. Enterprise income tax in Japan includes corporate tax and local corporate tax, and the actual tax rate is determined based on the amount of income of the enterprise for the current year.

2. Tax Preference

✓Applicable ☐Not applicable

(1) Enterprise income tax preferential

① SICC Co., Ltd. (山東天岳先進科技股份有限公司) has obtained the High-tech Enterprise Certificate jointly issued by the Shandong Provincial Department of Science and Technology, Shandong Provincial Department of Finance, and the State Taxation Administration of Shandong Province. In accordance with the Enterprise Income Tax Law and other relevant regulations, the enterprise is subject to a reduced enterprise income tax rate of 15% for the current year.

② Shanghai Tianyue Semiconductor Material Co., Ltd. (上海天岳半導體材料有限公司) has obtained the High-tech Enterprise Certificate jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Taxation Administration. In accordance with the Enterprise Income Tax Law and other relevant regulations, the enterprise is subject to a reduced enterprise income tax rate of 15% for the current year.

③ According to the provisions of the Announcement on the Relevant Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households(《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》)(Announcement No. 12 [2023] of the MOF and the SAT) issued by MOF and the SAT, for the part of small profit-making enterprises, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The policy will continue to be implemented until 31 December 2027. The Company's subsidiaries, Shandong Tianyue New Materials Technology Co., Ltd. (山東天岳新材料技術有限公司), Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司), and Shanghai Zhuhuan Technology Co., Ltd. (上海鑄幻科技有限公司), are eligible for the above preferential treatment.

(2) Value-added tax preference

According to the Announcement on Clarifying the VAT Reduction and Exemption Policy for Small-scale VAT Taxpayers (Announcement of the MOF and the SAT No. 1 of 2023) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Policy of Reducing and Exempting Value-added Tax for Small-scale VAT Taxpayers (《財政部、稅務總局關於增值稅小規模納稅人減免增值稅政策的公告》) (Announcement of the MOF and the SAT No. 19 of 2023), from 1 January 2023 to 31 December 2027, total monthly sales income not exceeding RMB100,000 is tax-exempted for small-scale VAT taxpayers with respect to taxable sales income where VAT apply. Small-scale VAT taxpayers shall be subject to VAT at a reduced rate of 1% on taxable sales income with a 3% rate; for VAT items subject to 3% advance levy rate, VAT shall be paid in advance at 1% advance levy rate. The Company's subsidiary, Shanghai Yuelianfeng Technology Co., Ltd., is eligible for the foregoing VAT preferential policies in accordance with the above provisions.

(3) Tax preferences for "six taxes and two fees"

Pursuant to the Announcement of the State Taxation Administration on Further Implementing the Reduction and Exemption Policies for "Six Taxes and Two Fees" of Small and Micro Enterprises (《國家稅務總局關於進一步實施小微企業「六稅兩費」減免政策有關徵管問題的公告》) (State Taxation Administration Announcement No. 3 of 2022) and the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households (《財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) (Ministry of Finance and State Taxation Administration Announcement No. 12 of 2023), from 1 January 2023 to 31 December 2027, for small-scale VAT taxpayers, small low-profit enterprises and individual industrial and commercial households, resource tax (excluding water resource tax), urban maintenance and construction tax, real estate tax, urban land use tax, stamp duty (excluding stamp duty on securities transaction), cultivated land occupation tax and educational surcharges, and local educational surcharges shall be reduced by half. The Company's subsidiaries, Shandong Tianyue New Materials Technology Co., Ltd. (山東天岳新材料技術有限公司), Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司) and Shanghai Zhuhuan Technology Co., Ltd. (上海鑄幻科技有限公司) are eligible for the above preferential treatments.

3. Others

☐Applicable ✓Not applicable

VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at Bank and on Hand

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	**Closing balance**	Opening balance
Cash on hand	**1,470.57**	1,184.50
Bank deposits	**608,432,001.92**	3,098,076,870.41
Other cash at bank and on hand	**2,528,237,092.65**	80,207,928.49
Total	**3,136,670,565.14**	3,178,285,983.40
Including: Total amount deposited overseas	**816,123,597.74**	2,002,117,797.57

Other explanations

None.

2. Financial Assets Held for Trading

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reason and basis for designation
Financial assets at fair value through profit or loss	0.00	108,573,477.90	/
Including:			
Others — Wealth management products	0.00	108,573,477.90	/
Financial assets designated at fair value through profit or loss			
Including:			
Investment in debt instruments			
Others			
Total	0.00	108,573,477.90	/

Other explanations:

☐Applicable ✓Not applicable

3. Derivative Financial Assets

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	**Closing balance**	Opening balance
Derivative financial assets without designated hedging relationship	**32,723,432.62**	0.00
Total	**32,723,432.62**	0.00

Other explanations:

None.

4. Notes Receivable

(1) Notes receivable presented by types

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	**51,427,622.40**	6,341,908.01
Commercial acceptance bills	**3,629,275.50**	5,475,049.50
Total	**55,056,897.90**	11,816,957.51

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

☐Applicable ✓Not applicable

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

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at end of period
Bank acceptance bills		**19,399,576.95**
Commercial acceptance bills		
Total		**19,399,576.95**

(4) *Disclosure classified by method of bad debt provision*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying amount
Provision for bad debts made on a collective basis	55,247,912.40	100.00	191,014.50	0.35	55,056,897.90	12,105,118.01	100.00	288,160.50	2.38	11,816,957.51
Including:										
Bank acceptance bills	51,427,622.40	93.09			51,427,622.40	6,341,908.01	52.39			6,341,908.01
Commercial acceptance bills	3,820,290.00	6.91	191,014.50	5.00	3,629,275.50	5,763,210.00	47.61	288,160.50	5.00	5,475,049.50
Total	55,247,912.40	/	191,014.50	/	55,056,897.90	12,105,118.01	/	288,160.50	/	11,816,957.51

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
✓Applicable ☐Not applicable

Items made on a collective basis: Commercial acceptance bills

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Percentage of provision (%)
Aging portfolio — Commercial acceptance bills	3,820,290.00	191,014.50	5.00
Total	3,820,290.00	191,014.50	5.00

Explanations on provision for bad debts made on a collective basis
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

Basis of stage classification and percentage of provision for bad debts
None.

Explanations on significant changes in the book balance of accounts receivable for which loss provisions changed during the current period:
☐Applicable ✓Not applicable

(5) *Provision for bad debts*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Changes during the current period				Closing balance
		Provision	Recovery or reversal	Write-back or write-off	Other changes	
Aging portfolio — Commercial acceptance bills	288,160.50	-97,146.00				191,014.50
Total	288,160.50	-97,146.00				191,014.50

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐Applicable ✓Not applicable

Other explanations:
None.

(6) *Notes receivable actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant notes receivable written-off:
☐Applicable ✓Not applicable

Explanations on the write-offs of notes receivable:
☐Applicable ✓Not applicable

Other explanations:
☐Applicable ✓Not applicable

5. Accounts Receivable

(1) Disclosure by aging

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	**706,446,418.51**	565,855,936.76
1 to 2 years	**18,514,432.00**	2,702,000.00
2 to 3 years	**450,000.00**	
Over 3 years		
Subtotal	**725,410,850.51**	568,557,936.76
Less: Provision for bad debts	**41,236,650.52**	29,103,396.84
Total	**684,174,199.99**	539,454,539.92

(2) Disclosure classified by method of bad debt provision

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

	Closing balance					Opening balance				
	Book balance		**Provision for bad debts**			Book balance		Provision for bad debts		
Category	**Amount**	**Percentage (%)**	**Amount**	**Percentage of provision (%)**	**Carrying amount**	Amount	Percentage (%)	Amount	Percentage of provision (%)	Carrying amount
Provision for bad debts made on a collective basis	**725,410,850.51**	**100.00**	**41,236,650.52**	**5.68**	**684,174,199.99**	568,557,936.76	100.00	29,103,396.84	5.12	539,454,539.92
Including:										
Aging portfolio	**725,410,850.51**	**100.00**	**41,236,650.52**	**5.68**	**684,174,199.99**	568,557,936.76	100.00	29,103,396.84	5.12	539,454,539.92
Total	**725,410,850.51**	**/**	**41,236,650.52**	**/**	**684,174,199.99**	568,557,936.76	/	29,103,396.84	/	539,454,539.92

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
✓Applicable ☐Not applicable

Items made on a collective basis: Aging portfolio

Unit: Yuan Currency: RMB

Name	Closing balance Book balance	Provision for bad debts	Percentage of provision (%)
Within 1 year	**706,446,418.51**	**35,322,320.92**	**5.00**
1 to 2 years	**18,514,432.00**	**5,554,329.60**	**30.00**
2 to 3 years	**450,000.00**	**360,000.00**	**80.00**
Total	**725,410,850.51**	**41,236,650.52**	

Explanations on provision for bad debts made on a collective basis:
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

Basis of stage classification and percentage of provision for bad debts
None.

Explanations on significant changes in the book balance of accounts receivable for which loss provisions changed during the current period:
☐Applicable ✓Not applicable

(3) Provision for bad debts

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Changes during the current period Provision	Recovery or reversal	Write-back or write-off	Other changes	Closing balance
Aging portfolio	29,103,396.84	12,133,253.68				41,236,650.52
Total	29,103,396.84	12,133,253.68				41,236,650.52

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐Applicable ✓Not applicable

(4) *Accounts receivable actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant accounts receivable written-off

☐Applicable ✓Not applicable

Explanations on the write-offs of accounts receivable:

☐Applicable ✓Not applicable

(5) *Accounts receivable and contract assets of top five debtors by closing balance*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
No. 1	98,618,931.55		98,618,931.55	13.59	4,930,946.58
No. 2	93,693,005.80		93,693,005.80	12.92	4,684,650.29
No. 3	74,286,347.00		74,286,347.00	10.24	3,714,317.35
No. 4	62,185,546.43		62,185,546.43	8.57	3,109,277.32
No. 5	59,036,600.00		59,036,600.00	8.14	2,951,830.00
Total	387,820,430.78		387,820,430.78	53.46	19,391,021.54

Other explanations:

None.

Other explanations:

☐Applicable ✓Not applicable

6. Contract Assets

(1) *Contract assets*

☐Applicable ✓Not applicable

(2) *Amount and reason for significant changes in carrying amount during the Reporting Period*

☐Applicable ✓Not applicable

(3) *Disclosure classified by method of bad debt provision*

☐Applicable ✓Not applicable

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Explanations on provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

The basis of stage classification and percentage of provision for bad debts are not applicable.

Explanations on significant changes in the book balance of contract assets for which loss provisions changed during the current period:
☐Applicable ✓Not applicable

(4) *Provision for bad debts made on contract assets during the current period*

☐Applicable ✓Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:

Other explanations:
Not applicable.

(5) *Contract assets actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant contract assets written-off
☐Applicable ✓Not applicable

Explanations on the write-offs of contract assets:
☐Applicable ✓Not applicable

Other explanations:
☐Applicable ✓Not applicable

7. Receivables Financing

(1) *Receivables financing presented by types*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Notes receivable	**6,204,821.72**	69,385,834.69
Total	**6,204,821.72**	69,385,834.69

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

☐Applicable ✓Not applicable

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

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	**84,065,915.66**	
Total	**84,065,915.66**	

(4) *Disclosure classified by method of bad debt provision*

☐Applicable ✓Not applicable

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Explanations on provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

Basis of stage classification and percentage of provision for bad debts
Not applicable.

Explanations on significant changes in the book balance of receivables financing for which loss provisions changed during the current period:
☐Applicable ✓Not applicable

(5) Provision for bad debts

☐Applicable ✓Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐Applicable ✓Not applicable

Other explanations:
Not applicable.

(6) Receivables financing actually written-off during the current period

☐Applicable ✓Not applicable

Of which significant receivables financing written-off
☐Applicable ✓Not applicable

Explanations on the write-offs:
☐Applicable ✓Not applicable

(7) Changes in receivables financing during the current period and changes in fair value:

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the end of last year	Increase during the current period	Derecognised during the current period	Other changes	Closing balance	Accumulated loss provision recognised in other comprehensive income
Notes receivable	69,385,834.69	91,399,464.33	154,580,477.30	0.00	6,204,821.72	0.00
Total	69,385,834.69	91,399,464.33	154,580,477.30	0.00	6,204,821.72	0.00

(8) Other explanations:

☐Applicable ✓Not applicable

8. Prepayment

(1) Prepayment presented by aging

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	**132,123,359.66**	**70.03**	65,478,982.89	54.01
1 to 2 years	**56,531,746.50**	**29.96**	27,458,059.93	22.65
2 to 3 years	**16,022.62**	**0.01**	28,300,000.00	23.34
Over 3 years				
Total	**188,671,128.78**	**100.00**	121,237,042.82	100.00

Explanations on the reasons for not timely settling significant prepayment with an age of over one year: None.

(2) Prepayment of top five prepayment receivers by closing balance

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Percentage of total closing balance of prepayment (%)
No. 1	**68,574,842.64**	**36.35**
No. 2	**23,946,059.00**	**12.69**
No. 3	**22,545,600.00**	**11.95**
No. 4	**12,966,750.00**	**6.87**
No. 5	**7,444,800.00**	**3.95**
Total	**135,478,051.64**	**71.81**

Other explanations:
None.

Other explanations

☐Applicable ✓Not applicable

9. Other Receivables

Items listed

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable	**5,363,960.46**	3,089,925.00
Dividends receivable		
Other receivables	**4,854,088.40**	4,957,035.26
Total	**10,218,048.86**	8,046,960.26

Other explanations:
☐Applicable ✓Not applicable

Interest receivable

(1) Classification of interest receivable

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Time deposits	**5,363,960.46**	3,089,925.00
Total	**5,363,960.46**	3,089,925.00

(2) Significantly overdue interest

☐Applicable ✓Not applicable

(3) Disclosure classified by method of bad debt provision

☐Applicable ✓Not applicable

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Explanations on provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

(4) *Provision for bad debts*

☐Applicable ✓Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐Applicable ✓Not applicable

Other explanations:
Not applicable.

(5) *Interest receivable actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant interest receivable written-off
☐Applicable ✓Not applicable

Explanations on the write-offs:
☐Applicable ✓Not applicable

Other explanations:
☐Applicable ✓Not applicable

Dividends receivable

(1) *Dividends receivable*

☐Applicable ✓Not applicable

(2) *Significant dividends receivable with an age of over one year*

☐Applicable ✓Not applicable

(3) *Disclosure classified by method of bad debt provision*

☐Applicable ✓Not applicable

Provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Explanations on provision for bad debts made on an individual basis:
☐Applicable ✓Not applicable

Provision for bad debts made on a collective basis:
☐Applicable ✓Not applicable

Provision for bad debts made under the general model of expected credit losses
☐Applicable ✓Not applicable

(4) *Provision for bad debts*

☐Applicable ✓Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐Applicable ✓Not applicable

Other explanations:
Not applicable.

(5) *Dividends receivable actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant dividends receivable written-off
☐Applicable ✓Not applicable

Explanations on the write-offs:
☐Applicable ✓Not applicable

Other explanations:
☐Applicable ✓Not applicable

Other receivables

(1) *Disclosure by aging*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	**3,982,518.20**	2,809,543.23
1 to 2 years	**464,737.02**	464,737.02
2 to 3 years	**572,339.51**	1,717,212.60
Over 3 years	**89,972.00**	226,439.00
Subtotal	**5,109,566.73**	5,217,931.85
Less: Provision for bad debts	**255,478.33**	260,896.59
Total	**4,854,088.40**	4,957,035.26

(2) *Classification by nature*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Nature	Closing book balance	Opening book balance
Portfolio of deposit and margin	**2,864,420.35**	3,279,099.63
Other receivables portfolio	**2,245,146.38**	1,938,832.22
Total	**5,109,566.73**	5,217,931.85

(3) *Provision for bad debts*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance at 1 January 2026	260,896.59			260,896.59
Balance at 1 January 2026 in the current period	260,896.59			260,896.59
– Transfer to Stage 2				
– Transfer to Stage 3				
– Transfer back to Stage 2				
– Transfer back to Stage 1				
Provision for the current period	-5,418.26			-5,418.26
Reversal for the current period				
Write-back for the current period				
Write-off for the current period				
Other changes				
Balance at 30 June 2026	255,478.33			255,478.33

Basis of stage classification and percentage of provision for bad debts

None.

Explanations on significant changes in the book balance of other receivables for which loss provisions changed during the current period:

☐Applicable ✓Not applicable

Basis used for determining the amount of provision for bad debts in the current period and assessing whether the credit risk of financial instruments has increased significantly:

☐Applicable ✓Not applicable

(4) *Provision for bad debts*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Changes during the current period				Closing balance
		Provision	Recovery or reversal	Write-back or write-off	Other changes	
Provision made on an individual basis						
Provision made on a collective basis	260,896.59	-5,418.26				255,478.33
Total	260,896.59	-5,418.26				255,478.33

Of which significant amounts of bad debt provisions reversed or recovered during the current period:
☐Applicable ✓Not applicable

Other explanations:
None.

(5) *Other receivables actually written-off during the current period*

☐Applicable ✓Not applicable

Of which significant other receivables written-off:
☐Applicable ✓Not applicable

Explanations on the write-offs of other receivables:
☐Applicable ✓Not applicable

(6) *Other receivables of top five debtors by closing balance*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Percentage of total closing balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
No. 1	390,750.00	7.65	Deposit	Within 1 year	19,537.50
No. 2	390,000.00	7.63	Deposit	1 to 2 years	19,500.00
No. 3	378,894.00	7.42	Deposit	1 to 3 years	18,944.70
No. 4	375,298.18	7.35	Deposit	Within 1 year	18,764.91
No. 5	289,449.00	5.66	Deposit	Within 1 year	14,472.45
Total	1,824,391.18	35.71	/	/	91,219.56

(7) *Reported in other receivables due to centralized fund management*

☐Applicable ✓Not applicable

Other explanations:

☐Applicable ✓Not applicable

10. Inventories

(1) *Classification of inventories*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for inventory impairment/ impairment provision for contract performance cost	Carrying amount	Book balance	Provision for inventory impairment/ impairment provision for contract performance cost	Carrying amount
Raw materials	515,733,972.66	29,444,843.66	486,289,129.00	494,357,385.10	15,537,211.62	478,820,173.48
Goods in transit	207,413.53		207,413.53	207,413.53		207,413.53
Commissioned processing materials	3,911,168.59		3,911,168.59	7,880,987.18		7,880,987.18
Work in progress	241,748,142.90		241,748,142.90	97,985,353.14		97,985,353.14
Finished goods	324,055,445.53	21,118,995.93	302,936,449.60	327,413,158.42	25,213,961.19	302,199,197.23
Semi-finished products	169,248,539.34	21,053,025.03	148,195,514.31	159,846,468.23	15,762,980.41	144,083,487.82
Goods delivered	25,626,837.31	2,998,621.26	22,628,216.05	35,176,273.59	2,912,513.41	32,263,760.18
Low-value consumables	179.18		179.18			
Total	1,280,531,699.04	74,615,485.88	1,205,916,213.16	1,122,867,039.19	59,426,666.63	1,063,440,372.56

(2) *Data resources recognised as inventory*

☐Applicable ✓Not applicable

(3) *Provision for inventory impairment and impairment provision for contract performance cost*

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the current period		Decrease during the current period		Closing balance
		Provision	Others	Reversal or Write-back	Others	
Raw materials	15,537,211.62	13,907,632.04				29,444,843.66
Goods in transit						
Commissioned processing materials						
Work in progress						
Finished goods	25,213,961.19	12,267,712.48		16,362,677.74		21,118,995.93
Semi-finished products	15,762,980.41	12,786,222.69		7,496,178.07		21,053,025.03
Goods delivered	2,912,513.41	2,998,621.26		2,912,513.41		2,998,621.26
Total	59,426,666.63	41,960,188.47		26,771,369.22		74,615,485.88

Reasons for reversal or write-off of provision for inventory impairment during the current period

☐Applicable ✓Not applicable

Provision for inventory impairment made on a collective basis

☐Applicable ✓Not applicable

Criteria for provision for inventory impairment made on a collective basis

☐Applicable ✓Not applicable

(4) *Capitalised amount of borrowing costs included in the closing balance of inventories and the criteria and basis for their calculation*

☐Applicable ✓Not applicable

(5) *Explanations on the amortisation amount of contract performance cost in the current period*

☐Applicable ✓Not applicable

Other explanations:

☐Applicable ✓Not applicable

11. Assets Held for Sale

☐Applicable ✓Not applicable

12. Non-current Assets Due within One Year

☐Applicable ✓Not applicable

Debt investments due within one year

☐Applicable ✓Not applicable

Other debt investments due within one year

☐Applicable ✓Not applicable

Other explanations on non-current assets due within one year

Not applicable.

13. Other Current Assets

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT input tax to be deducted/verified	**112,165,977.91**	183,848,525.05
Prepaid value added tax	**13,461,077.14**	7,495,810.57
Prepaid corporate income tax	**74.45**	605,235.63
Total	**125,627,129.50**	191,949,571.25

Relevant information about indemnification assets

☐Applicable ✓Not applicable

Other explanations:

None.

14. Debt investments

(1) Debt investments

☐ Applicable ✓ Not applicable

Change during the period in provision for impairment of debt investments

☐ Applicable ✓ Not applicable

(2) Significant debt investments at the end of period

☐ Applicable ✓ Not applicable

(3) Provision for impairment

☐ Applicable ✓ Not applicable

Basis of stage classification and percentage of provision for impairment:
Not applicable.

Explanation for the significant changes in the book balance of debt investment for which the loss provisions have changed during the period:
☐ Applicable ✓ Not applicable

The amount of provision for impairment for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:
☐ Applicable ✓ Not applicable

(4) Actual write-off of debt investments during the period

☐ Applicable ✓ Not applicable

Including: significant debt investments write-offs
☐ Applicable ✓ Not applicable

Explanations on the write-off of debt investments:
☐ Applicable ✓ Not applicable

Other explanations:
Not applicable

15. Other Debt Investments

(1) Other debt investments

☐ Applicable ✓ Not applicable

Movement in provision for impairment of other debt investments during the period
☐ Applicable ✓ Not applicable

(2) Significant other debt investments at the end of period

☐ Applicable ✓ Not applicable

(3) Provision for impairment

☐ Applicable ✓ Not applicable

(4) Actual write-off of other debt investments for the current period

☐ Applicable ✓ Not applicable

Including: significant other debt investments write-offs

☐ Applicable ✓ Not applicable

Explanations on the write-off of other debt investments:

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

16. Long-term Receivables

(1) Long-term receivables

☐ Applicable ✓ Not applicable

(2) Classified disclosure by the method of provision for bad debts

☐ Applicable ✓ Not applicable

Provision for bad debts on an individual basis:

☐ Applicable ✓ Not applicable

Explanation on provision for bad debts on an individual basis:

☐ Applicable ✓ Not applicable

Provision for bad debts on a group basis:

☐ Applicable ✓ Not applicable

Provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ✓ Not applicable

(3) Provision for bad debts

☐ Applicable ✓ Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:

☐ Applicable ✓ Not applicable

Other explanations:

Not applicable

(4) *Actual write-off of long-term receivables for the current period*

☐ Applicable ✓ Not applicable

Including: significant long-term receivables write-offs

☐ Applicable ✓ Not applicable

Explanation on long-term receivables write-offs:

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

17. Long-term Equity Investments

(1) *long-term equity investments*

✓ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

			Change for the period									
Investee	Opening balance (carrying amount)	Opening balance of impairment provision	Additional investments	Decrease in investments	Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Provision for impairment	Others	Closing balance (carrying amount)	Closing balance of impairment provision
I. Joint ventures												
Subtotal												
II. Associates												
Suzhou Dabo New Materials Technology Co., Ltd. (蘇州達波新材科技有限公司)	21,529,291.97				-1,940,606.87						19,588,685.10	
Subtotal	21,529,291.97				-1,940,606.87						19,588,685.10	
Total	21,529,291.97				-1,940,606.87						19,588,685.10	

(2) *Impairment testing for long-term equity investments*

☐ Applicable ✓ Not applicable

Other explanation:

None.

18. Investment in Other Equity Instruments

(1) Investments in other equity instruments

☐ Applicable ✓ Not applicable

(2) Explanation on derecognition during the period

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

19. Other Non-Current Financial Assets

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	**37,194,486.70**	12,200,035.21
Including: Investment in debt instruments		
Investment in equity instruments	**37,194,486.70**	12,200,035.21
Others		
Total	**37,194,486.70**	12,200,035.21

Other explanations:
Not applicable.

20. Investment Properties

Measurement model of investment properties
Not applicable.

21. Fixed Assets

Items presented
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Fixed assets	**3,696,395,760.16**	3,588,278,308.78
Fixed assets in liquidation		
Total	**3,696,395,760.16**	3,588,278,308.78

Other explanations:
None.

Fixed assets

(1) Fixed assets

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Furniture and fixtures	Total
I. Original carrying amount:						
1. Opening balance	1,749,898,574.24	3,244,330,009.70	5,242,225.06	23,662,462.44	4,026,489.07	5,027,159,760.51
2. Increase during the period	14,507,317.36	273,664,402.52	2,712,743.37	1,955,537.08	418,398.73	293,258,399.06
(1) Purchase	14,507,317.36		2,617,876.11	1,939,253.89	418,398.73	19,482,846.09
(2) Transfer from construction in progress		273,664,402.52	94,867.26	16,283.19		273,775,552.97
(3) Increase in business combinations						
3. Decrease during the period		3,716,814.16				3,716,814.16
(1) Disposal or retirement		3,716,814.16				3,716,814.16
4. Closing balance	1,764,405,891.60	3,514,277,598.06	7,954,968.43	25,617,999.52	4,444,887.80	5,316,701,345.41
II. Accumulated depreciation						
1. Opening balance	180,386,667.93	1,231,526,859.85	2,903,676.13	17,483,194.51	2,334,210.40	1,434,634,608.82
2. Increase during the period	28,994,286.20	150,360,790.03	697,715.42	1,867,379.00	312,458.44	182,232,629.09
(1) Provision	28,994,286.20	150,360,790.03	697,715.42	1,867,379.00	312,458.44	182,232,629.09
3. Decrease during the period		808,495.57				808,495.57
(1) Disposal or retirement		808,495.57				808,495.57
4. Closing balance	209,380,954.13	1,381,079,154.31	3,601,391.55	19,350,573.51	2,646,668.84	1,616,058,742.34
III. Impairment provision						
1. Opening balance		4,246,842.91				4,246,842.91
2. Increase during the period						
(1) Provision						
3. Decrease during the period						
(1) Disposal or retirement						
4. Closing balance		4,246,842.91				4,246,842.91
IV. Carrying amount						
1. Closing carrying amount	1,555,024,937.47	2,128,951,600.85	4,353,576.88	6,267,426.01	1,798,218.96	3,696,395,760.16
2. Opening carrying amount	1,569,511,906.31	2,008,556,306.94	2,338,548.93	6,179,267.93	1,692,278.67	3,588,278,308.78

(2) *Temporarily idle fixed assets*

☐ Applicable ✓ Not applicable

(3) *Fixed assets leased by way of operating lease*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing carrying amount
Houses and buildings	48,883,761.96
Machinery and equipment	2,339,238.39

(4) *Fixed assets without obtaining property right certificates*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Carrying amount	Reason for not yet obtaining property right certificates
Sewage station housing	3,581,932.36	Pending handling
Equipment manufacturing workshop	2,722,197.69	Pending handling
German office	18,719,209.26	Pending handling
Total	25,023,339.31	—

(5) *Impairment testing on fixed assets*

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

Fixed assets in liquidation

☐ Applicable ✓ Not applicable

22. Construction in Progress Items presented

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Construction in progress	**226,182,785.53**	128,805,758.76
Total	**226,182,785.53**	128,805,758.76

Other explanations:
None.

Construction in progress

(1) Construction in progress

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Closing balance			Opening balance		
Items	**Book balance**	**Impairment provisions**	**Carrying amount**	Book balance	Impairment provisions	Carrying amount
Shandong projects–equipment pending installation	**49,421,913.83**		**49,421,913.83**	19,600,750.87		19,600,750.87
Shanghai silicon carbide substrate material project–equipment pending installation	**140,727,957.60**		**140,727,957.60**	74,181,413.86		74,181,413.86
Key laboratory renovation project				107,789.59		107,789.59
Shanghai silicon carbide semiconductor material project–Phase II	**31,187,873.16**		**31,187,873.16**	33,777,398.32		33,777,398.32
Renovation and alteration project	**477,838.77**		**477,838.77**	444,272.22		444,272.22
Malaysia project	**4,367,202.17**		**4,367,202.17**	694,133.90		694,133.90
Total	**226,182,785.53**		**226,182,785.53**	128,805,758.76		128,805,758.76

(2) *Changes in material construction in progress projects for the period*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Budget	Opening balance	Increase during the period	Transfer to fixed asset during the period	Other deductions during the period	Closing balance	Percentage of accumulated investment in project to budget (%)	Project progress	Accumulated amount of interest capitalised	Including: Amount of interest capitalised during the period	Interest capitalisation rate for the period (%)	Source of the fund
Shanghai silicon carbide substrate material project-equipment pending installation		74,181,413.86	95,260,182.10	28,713,638.36		140,727,957.60						Self-owned funds and proceeds raised
Shanghai silicon carbide substrate material project-Phase II	134,000,000.00	33,777,398.32	45,122,053.37	47,711,578.53		31,187,873.16	58.88	59.99				Self-owned funds and proceeds raised
Shandong projects-equipment pending installation		17,583,051.75	216,248,846.19	195,087,148.25		38,744,749.69						Self-owned funds
Total	134,000,000.00	125,541,863.93	356,631,081.66	271,512,365.14		210,660,580.45	/	/			/	/

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

☐ Applicable ✓ Not applicable

(4) *Impairment testing on construction in progress*

☐ Applicable ✓ Not applicable

Other explanations

☐ Applicable ✓ Not applicable

Engineering materials

☐ Applicable ✓ Not applicable

23. Bearer Biological Assets

(1) *Bearer biological assets under cost measurement model*

☐ Applicable ✓ Not applicable

(2) *Impairment test on bearer biological assets under cost measurement model*

☐ Applicable ✓ Not applicable

(3) *Bearer biological assets under fair value measurement model*

☐ Applicable ✓ Not applicable

Other explanations

☐ Applicable ✓ Not applicable

24. Oil and Gas Assets

(1) *Oil and gas assets*

☐ Applicable ✓ Not applicable

(2) *Impairment testing on oil and gas assets*

☐ Applicable ✓ Not applicable

Other explanations:

Not applicable.

25. Right-of-use Assets

(1) *Right-of-use assets*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Houses and buildings	Machinery and equipment	Total
I. Original carrying amount			
1. Opening balance	26,003,479.19	2,063,385.71	28,066,864.90
2. Increase during the period	2,644,200.03		2,644,200.03
(1) New leases	2,644,200.03		2,644,200.03
3. Decrease during the period	7,483,778.75	2,063,385.71	9,547,164.46
(1) Disposal	7,483,778.75	2,063,385.71	9,547,164.46
4. Closing balance	21,163,900.47		21,163,900.47
II. Accumulated depreciation			
1. Opening balance	7,311,330.90	412,677.15	7,724,008.05
2. Increase during the period	3,230,884.53		3,230,884.53
(1) Provision	3,230,884.53		3,230,884.53
3. Decrease during the period	4,494,638.96	412,677.15	4,907,316.11
(1) Disposal	4,494,638.96	412,677.15	4,907,316.11
4. Closing balance	6,047,576.47		6,047,576.47
III. Impairment provisions			
1. Opening balance			
2. Increase during the period			
(1) Provision			
3. Decrease during the period			
(1) Disposal			
4. Closing balance			
IV. Carrying amount			
1. Closing carrying amount	15,116,324.00		15,116,324.00
2. Opening carrying amount	18,692,148.29	1,650,708.56	20,342,856.85

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

☐ Applicable ✓ Not applicable

Other explanations:
None.

26. Intangible Assets

(1) *Intangible assets*

✓ Applicable ☐ Not Applicable

Unit: Yuan Currency: RMB

Items	Land use rights	Patent rights	Non-patented technology	Total
I. Original carrying amount				
1. Opening balance	314,845,457.46	3,018,030.29	34,506,873.81	352,370,361.56
2. Increase during the period	41,248,905.00		3,710,192.43	44,959,097.43
(1) Purchase	41,248,905.00		3,710,192.43	44,959,097.43
(2) Internal research and development				
(3) Increase in business combinations				
3. Decrease during the period				
(1) Disposal				
4. Closing balance	356,094,362.46	3,018,030.29	38,217,066.24	397,329,458.99
II. Accumulated amortisation				
1. Opening balance	64,316,198.91	1,081,460.82	18,249,703.46	83,647,363.19
2. Increase during the period	3,313,577.58	150,901.52	5,742,157.60	9,206,636.70
(1) Provision	3,313,577.58	150,901.52	5,742,157.60	9,206,636.70
3. Decrease during the period				
(1) Disposal				
4. Closing balance	67,629,776.49	1,232,362.34	23,991,861.06	92,853,999.89
III. Impairment provisions				
1. Opening balance				
2. Increase during the period				
(1) Provision				
3. Decrease during the period				
(1) Disposal				
4. Closing balance				
IV. Carrying amount				
1. Closing carrying amount	288,464,585.97	1,785,667.95	14,225,205.18	304,475,459.10
2. Opening carrying amount	250,529,258.55	1,936,569.47	16,257,170.35	268,722,998.37

At the end of the period, intangible assets formed through internal research and development of the Company account for 0% of the balance of intangible assets

(2) Data resources recognized as intangible assets

☐ Applicable ✓ Not applicable

(3) Land use rights without obtaining property right certificates

☐ Applicable ✓ Not applicable

(4) Impairment testing on intangible assets

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

27. Goodwill

(1) Original carrying amount of goodwill

☐ Applicable ✓ Not applicable

(2) Provision for impairment of goodwill

☐ Applicable ✓ Not applicable

(3) Relevant information on goodwill for asset group or combination of asset groups

☐ Applicable ✓ Not applicable

Change in asset group or combination of asset groups
☐ Applicable ✓ Not applicable

Other explanations
☐ Applicable ✓ Not applicable

(4) Specific determination of recoverable amount

Determination of net amount of recoverable amount measured at fair value after deducting disposal expenses
☐ Applicable ✓ Not applicable

Determination of present value of recoverable amount based on estimated future cash flows
☐ Applicable ✓ Not applicable

Reasons for the significant discrepancy between the foregoing information and information used in impairment testing for prior years or external information

☐ Applicable ✓ Not applicable

Reasons for the significant discrepancy between the information used by the Company in impairment tests in prior years and the actual situations in the current year
☐ Applicable ✓ Not applicable

(5) Performance undertaking and corresponding goodwill impairment

Goodwill was formed when a performance undertaking existed and the Reporting Period or the previous period fell within the performance undertaking period.

☐ Applicable ✓ Not applicable

Other explanations

☐ Applicable ✓ Not applicable

28. Long-Term Prepaid Expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Opening balance**	**Increase during the period**	**Amortisation during the period**	**Other decrease**	**Closing balance**
Factory landscaping and greening	3,534,754.76	10,684.40	1,105,689.44		2,439,749.72
Workshop and equipment renovation	25,303,520.15	2,529,009.75	4,302,976.27		23,529,553.63
Other renovations	1,454,658.75	1,834,328.40	797,141.25		2,491,845.90
Total	30,292,933.66	4,374,022.55	6,205,806.96		28,461,149.25

Other explanations:

None.

29. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred income tax assets before offsetting

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Closing balance		Opening balance	
Items	**Deductible temporary differences**	**Deferred income tax assets**	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	**116,013,953.22**	**17,715,925.40**	88,889,982.85	13,438,901.78
Changes in fair value of other non-current financial assets	**1,805,513.30**	**240,232.69**	1,799,964.79	269,994.72
Deferred income	**428,464,853.33**	**64,269,728.00**	440,990,460.09	66,148,569.02
Lease liabilities	**4,481,455.24**	**672,218.29**	10,385,927.91	2,019,523.29
Unrealised profit from internal transactions	**18,651,558.60**	**2,797,733.79**	21,003,013.00	3,150,451.95
Deductible loss	**196,932,937.02**	**29,464,316.79**	180,379,487.87	26,978,088.17
Financial assets for trading			823,357.90	123,503.69
Total	**766,350,270.71**	**115,160,154.96**	744,272,194.41	112,129,032.62

(2) *Deferred income tax liabilities before offsetting*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	**Deferred income tax liabilities**	Taxable temporary differences	Deferred income tax liabilities
Difference between accounting and tax law of depreciation of fixed assets	**19,317,390.47**	**2,897,608.57**	22,935,084.53	3,440,262.68
Right-of-use asset	**5,441,181.89**	**816,177.29**	10,626,268.81	2,053,780.57
Changes in fair value of derivative financial assets	**32,723,432.62**	**4,908,514.89**		
Total	**57,482,004.98**	**8,622,300.75**	33,561,353.34	5,494,043.25

(3) *Deferred income tax assets or liabilities presented as net amount after offsetting*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Offset of deferred income tax assets and liabilities	**Balance of deferred income tax assets or liabilities after offsetting**	Offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offsetting
Deferred income tax assets	**8,622,300.75**	**106,537,854.21**	5,494,043.25	106,634,989.37
Deferred income tax liabilities	**8,622,300.75**		5,494,043.25	

(4) *Details of unrecognised deferred income tax assets*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary differences	**7,810,029.72**	4,246,842.91
Deductible loss	**607,220,054.05**	462,405,506.30
Total	**615,030,083.77**	466,652,349.21

(5) *Expiry of deductible loss of unrecognised deferred income tax assets falls in the years as follows*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2026			
2027			
2028			
2029			
2030		1,336,033.65	
2031			
2032	95,825,398.34	86,617,227.47	
2033	28,085,512.62	23,070,035.50	
2034	0.00		
2035	334,141,935.69	351,382,209.68	
2036	149,167,207.40		
Total	607,220,054.05	462,405,506.30	

Other explanations:

☐ Applicable ✓ Not applicable

30. Other Non-current Assets

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book balance	Impairment provisions	Carrying amount	Book balance	Impairment provisions	Carrying amount
Prepayment for equipment purchase	**6,370,785.02**		**6,370,785.02**	28,791,633.81		28,791,633.81
Prepayment for long-term procurement	**17,851,130.26**		**17,851,130.26**	56,399,548.19		56,399,548.19
Prepayment for land use right	**120,141,088.14**		**120,141,088.14**	29,030,708.02		29,030,708.02
Total	**144,363,003.42**		**144,363,003.42**	114,221,890.02		114,221,890.02

Information about indemnification assets

☐ Applicable ✓ Not applicable

Other explanations:

None.

31. Assets with Restricted Ownership or Right-of-Use

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing				Opening			
	Book balance	Carrying amount	Restriction type	Restriction	Book balance	Carrying amount	Restriction type	Restriction
Other cash at bank and on hand	2,527,737,341.22	2,527,737,341.22	Others	Deposits	80,008,748.25	80,008,748.25	Others	Deposits
Total	2,527,737,341.22	2,527,737,341.22	/	/	80,008,748.25	80,008,748.25	/	/

Other explanations:
None.

32. Short-term Borrowings

(1) Classification of short-term borrowings

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**	Opening balance
Credit borrowings	**1,030,905,499.99**	550,435,416.66
Letter of credit business	**75,141,649.61**	108,015,888.31
Bank acceptance bill discount	**150,000,000.00**	
Total	**1,256,047,149.60**	658,451,304.97

Explanation on classification of short-term borrowings:
None.

(2) Short-term borrowings that are due but unpaid

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

33. Financial Liabilities for Trading

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

34. Derivative Financial Liabilities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Derivative financial liabilities without designated hedging relationship	**7,614,731.15**	0.00
Total	**7,614,731.15**	0.00

Other explanations:
None.

35. Bills Payable

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Class	Closing balance	Opening balance
Commercial acceptance bills	**0**	0
Bank acceptance bills	**254,158,902.58**	299,140,721.15
Total	**254,158,902.58**	299,140,721.15

At the end of the period, the total bills payable that are due but unpaid amounted to RMB0. Reason for default: Not applicable.

36. Accounts Payable

(1) Accounts payable presented

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Raw material purchases	**303,984,438.53**	225,162,372.20
Long-term asset purchases	**88,860,434.68**	173,675,655.77
Expenses and others	**38,162,952.44**	33,666,542.64
Total	**431,007,825.65**	432,504,570.61

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

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

37. Receipts in Advance

(1) Receipts in advance presented

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Lease payments received in advance	**902,559.09**	257,704.18
Total	**902,559.09**	257,704.18

(2) Significant receipts in advance with the aging over 1 year

☐ Applicable ✓ Not applicable

(3) The amount of and reason for the significant change in the carrying amount during the Reporting Period

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

38. Contract Liabilities

(1) Contract liabilities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Sales received in advance	**2,129,619.98**	8,465,331.70
Total	**2,129,619.98**	8,465,331.70

(2) Significant contract liabilities aging over 1 year

☐ Applicable ✓ Not applicable

(3) The amount of and reason for the significant change in the carrying amount during the Reporting Period

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

39. Employee Remuneration Payable

(1) Employee remuneration payable presented

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term remuneration	35,053,653.89	134,951,714.91	146,888,214.78	23,117,154.02
II. Post-employment benefits — Defined contribution plan	1,067,891.79	14,417,168.15	14,428,600.69	1,056,459.25
III. Termination benefits	1,032,152.88	96,794.91	1,128,947.79	
IV. Other benefits due within one year				
Total	37,153,698.56	149,465,677.97	162,445,763.26	24,173,613.27

(2) *Short-term remuneration presented*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonus, allowances and subsidies	34,371,681.98	120,162,345.05	132,526,898.53	22,007,128.50
II. Employee welfare		1,305,854.07	1,305,854.07	
III. Social insurance premiums	680,754.91	7,474,643.36	7,486,735.60	668,662.67
Including: Medical insurance premiums	667,801.94	7,271,098.07	7,282,924.57	655,975.44
Work injury compensation insurance premiums	12,952.97	198,162.89	198,428.63	12,687.23
Maternity insurance premiums		5,382.40	5,382.40	
IV. Housing fund	1,217.00	6,008,872.43	5,568,726.58	441,362.85
V. Union expenses and employee education expenses				
VI. Short-term paid leave				
VII. Short-term profit-sharing plan				
Total	35,053,653.89	134,951,714.91	146,888,214.78	23,117,154.02

(3) *Defined contribution plan presented*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic retirement insurance	1,035,530.40	13,888,128.06	13,899,352.86	1,024,305.60
2. Unemployment insurance premiums	32,361.39	529,040.09	529,247.83	32,153.65
3. Enterprise annuity payment				
Total	1,067,891.79	14,417,168.15	14,428,600.69	1,056,459.25

Other explanations:

☐ Applicable ✓ Not applicable

40. Taxes Payable

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added tax	**9,328,470.43**	331,423.66
Japanese consumption tax	**89,163.35**	282,978.23
Enterprise income tax	**1,482,165.98**	35,827,155.12
Individual income tax	**1,052,447.28**	1,146,249.40
City maintenance and construction tax	**8,280.21**	39,494.95
Urban land use tax	**246,779.86**	246,779.82
House property tax	**2,487,675.53**	2,434,303.54
Stamp duty	**2,230,422.51**	1,308,665.03
Educational Surtax	**5,914.43**	29,152.94
Total	**16,931,319.58**	41,646,202.69

Other explanations:
None.

41. Other Payables

(1) Items presented

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Other payables	**20,012,947.14**	14,366,631.36
Total	**20,012,947.14**	14,366,631.36

(2) Interest payable

☐ Applicable ✓ Not applicable

(3) Dividend payable

☐ Applicable ✓ Not applicable

(4) Other payables

Other payables presented by nature of amount

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Accrued and unpaid expenses	**15,828,930.63**	5,142,501.09
Deposits and security deposits	**1,048,715.47**	1,003,480.27
Others	**3,135,301.04**	8,220,650.00
Total	**20,012,947.14**	14,366,631.36

Significant other payables aged over 1 year or overdue

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

42. Liabilities Held for Sale

☐ Applicable ✓ Not applicable

43. Non-current Liabilities Due within 1 Year

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within 1 year	**135,000,000.00**	38,205,742.56
Debentures payable due within 1 year		
Long-term payable due within one year		
Lease liabilities due within one year	**4,481,455.24**	8,545,891.89
Total	**139,481,455.24**	46,751,634.45

Other explanations:

None.

44. Other Current Liabilities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payable return payment		
Pending transfer to output VAT	**206,273.89**	101,255.50
Endorsed but yet derecognized notes	**19,399,576.95**	705,290.60
Total	**19,605,850.84**	806,546.10

Change in short-term debentures payable:
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

45. Long-term Borrowings

(1) Classification of long-term borrowings

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged borrowings		
Secured borrowings		
Guaranteed borrowings	**593,252.83**	
Credit borrowings	**237,312,936.11**	345,206,250.00
Total	**237,906,188.94**	345,206,250.00

Description of classification of long-term borrowings:
None.

Other explanations:
☐ Applicable ✓ Not applicable

46. Debentures Payable

(1) Debentures payable

☐ Applicable ✓ Not applicable

(2) Particulars of debentures payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

☐ Applicable ✓ Not applicable

(3) Description of convertible corporate bonds

☐ Applicable ✓ Not applicable

Accounting for conversion rights and basis of judgment
☐ Applicable ✓ Not applicable

(4) Explanation on the other financial instrument classified as financial liabilities

Basic information of other financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period
☐ Applicable ✓ Not applicable

Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period
☐ Applicable ✓ Not applicable

Description on basis of dividing other financial instruments into financial liabilities
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

47. Lease Liabilities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**	Opening balance
Lease payments	**18,160,251.18**	21,986,652.39
Unrecognized financing expenses	**-1,524,918.35**	-1,708,178.97
Lease liabilities due within one year	**-6,166,599.17**	-8,545,891.89
Total	**10,468,733.66**	11,732,581.53

Other explanations:
None.

48. Long-term Payable

Items presented

☐ Applicable ✓ Not applicable

Long-term payable

☐ Applicable ✓ Not applicable

Special payables

☐ Applicable ✓ Not applicable

49. Long-term Employee Remuneration Payable

☐ Applicable ✓ Not applicable

50. Estimated Liabilities

☐ Applicable ✓ Not applicable

51. Deferred Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance	Formation reasons
Government grants	511,422,201.58	12,116,000.00	29,402,697.64	494,135,503.94	
Total	511,422,201.58	12,116,000.00	29,402,697.64	494,135,503.94	/

Other explanations:

☐ Applicable ✓ Not applicable

52. Other Non-current Liabilities

☐ Applicable ✓ Not applicable

53. Share Capital

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

		Increase or decrease (+, -)					
	Opening balance	Issuance of new shares	Bonus shares	Capitalisation of capital reserves	Others	Subtotal	Closing balance
Total shares	484,618,544.00	0	0	0	0	0	484,618,544.00

Other explanations:
None.

54. Other Equity Instruments

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

☐ Applicable ✓ Not applicable

(2) *Table of changes in financial instruments such as preferred shares and perpetual bonds outstanding as at the end of the period*

☐ Applicable ✓ Not applicable

Change in other equity instrument in the period, reason for change and basis for relevant accounting treatment:
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

55. Capital Reserve

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (share premium)	6,945,366,744.61			6,945,366,744.61
Other capital reserve	149,350,948.44			149,350,948.44
Total	7,094,717,693.05			7,094,717,693.05

Other explanations, including changes in the period and reason for the changes:
None.

56. Treasury Shares

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Repurchase of shares	80,438,288.42	0	0	80,438,288.42
Total	80,438,288.42	0	0	80,438,288.42

Other explanations, including changes in the period and reason for the changes:
None.

57. Other Comprehensive Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Amount for the period						Closing balance
		Amount before income tax in the period	Less: Amount included in other comprehensive income in previous periods and transferred to the current profit or loss	Less: Amount included in other comprehensive income in previous periods and transferred to retained earnings in the current period	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that may not be reclassified to profit or loss	0.00	0.00				0.00		0.00
Including: Change in re-measurement of defined benefit plans	0.00	0.00				0.00		0.00
Other comprehensive income that may not be transferred to profit or loss under equity method	0.00	0.00				0.00		0.00
Change in fair value of other equity instruments	0.00	0.00				0.00		0.00
Change in fair value of the entity's own credit risk	0.00	0.00				0.00		0.00
II. Other comprehensive income that may be reclassified to profit or loss	-6,434,566.13	-6,188,022.90				-6,188,022.90		-12,622,589.03
Including: Other comprehensive income that may be transferred to profit or loss under the equity method	0.00	0.00				0.00		0.00
Change in fair value of other debt investments	0.00	0.00				0.00		0.00
Amount included in other comprehensive income on reclassification of financial assets	0.00	0.00				0.00		0.00
Provision for credit-impairment of other debt investments	0.00	0.00				0.00		0.00
Cash flows hedging reserve	0.00	0.00				0.00		0.00
Exchange differences arising from translation of foreign currency financial statements	-6,434,566.13	-6,188,022.90				-6,188,022.90		-12,622,589.03
Total other comprehensive income	-6,434,566.13	-6,188,022.90				-6,188,022.90		-12,622,589.03

Other explanations, including adjustment for the effective portion of hedging profit or loss of cash flows transferred to the initial recognition amount of the hedged item:

None.

58. Special Reserve

☐ Applicable ✓ Not applicable

59. Surplus Reserve

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	12,760,703.65	0.00	0.00	12,760,703.65
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Others				
Total	12,760,703.65	0.00	0.00	12,760,703.65

Description of surplus reserve, including changes in the period and reason for the changes:
None.

60. Undistributed Profits

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Current period	Previous year
Undistributed profits at the end of the previous period before adjustment	**-331,290,533.34**	-122,971,415.11
Total increase or decrease in undistributed profits at the beginning of the period (increase represented by "+", and decrease represented by "-")		
Undistributed profits at the beginning of the period after adjustment	**-331,290,533.34**	-122,971,415.11
Add: Net profit attributable to owners of the Parent Company in the period	**-58,616,647.35**	-208,319,118.23
Less: Extract for statutory surplus reserve		
Extract for discretionary surplus reserve		
Appropriation to general risk provision		
Ordinary shares dividend payable		
Dividend of ordinary shares converted to share capital		
Undistributed profits at the end of the period	**-389,907,180.69**	-331,290,533.34

Breakdown of the adjustments to the undistributed profits at the beginning of the period:

1. Due to retrospective adjustment under Accounting Standard for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was affected by RMB0.
2. Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected by RMB0.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by RMB0.
4. Due to changes in the scope of consolidation under common control, the undistributed profit at the beginning of the period was affected by RMB0.
5. Due to other adjustments, the undistributed profit at the beginning of the period was affected by RMB0.

61. Operating Revenue and Operating Costs

(1) *Operating revenue and operating costs*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period		Amount for the previous period	
	Revenue	**Cost**	Revenue	Cost
Principal operations	**856,852,764.40**	**646,982,530.14**	657,510,926.83	521,850,584.69
Other operations	**56,793,782.13**	**57,771,132.05**	136,294,276.12	125,472,102.53
Total	**913,646,546.53**	**704,753,662.19**	793,805,202.95	647,322,687.22

(2) *Breakdown of operating revenues and operating costs*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Classification by contract	Total	
	Operating revenue	**Operating costs**
Classification by operating region		
Domestic	551,032,412.62	494,638,637.10
Overseas	362,614,133.91	210,115,025.08
Classification by sales channel		
Direct sales	913,646,546.53	704,753,662.19
Total	913,646,546.53	704,753,662.19

Other explanations

☐ Applicable ✓ Not applicable

(3) *Explanation for performance of obligations*

☐ Applicable ✓ Not applicable

(4) *Explanation for allocation to residual performance of obligations*

☐ Applicable ✓ Not applicable

(5) *Material contract changes or significant transaction price adjustments*

☐ Applicable ✓ Not applicable

Other explanations:
None.

62. Taxes and Surcharges

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
City maintenance and construction tax	**143,557.23**	5,610.57
Education surcharges	**108,627.75**	5,610.57
Urban land use tax	**5,423,764.99**	4,742,384.11
House property tax	**497,478.50**	493,559.60
Stamp duty	**2,184,212.08**	1,443,762.80
Others	**1,500.00**	2,760.00
Total	**8,359,140.55**	6,693,687.65

Other explanations:
None.

63. Selling Expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Business operating expenses	**5,717,274.96**	5,889,947.76
Wages and salaries	**7,415,701.89**	5,493,684.71
Office expenses	**420,427.06**	132,913.36
Travelling fees	**796,697.85**	715,205.28
Depreciation fees		920.36
Others	**99,370.44**	1,265,448.38
Share-based payment		167,495.04
Total	**14,449,472.20**	13,498,119.85

Other explanations:
None.

64. Administration Expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Wages and salaries	**33,089,414.63**	32,571,742.33
Depreciation and amortisation	**25,838,169.05**	26,647,820.49
Depreciation of right-of-use assets	**628,257.60**	
Rental fees	**1,840,792.72**	580,795.97
Repair and maintenance fees	**301,233.31**	86,557.94
Office expenses	**6,500,828.30**	4,986,149.85
Business entertainment fees	**1,604,137.49**	1,051,338.12
Travelling fees	**1,213,844.61**	1,008,807.58
Utilities fees	**663,875.97**	826,251.62
Consultancy and intermediary fees	**12,579,140.17**	12,804,002.21
Insurance fees	**752,117.77**	985,038.47
Others	**913,424.91**	811,762.62
Total	**85,925,236.53**	82,360,267.20

Other explanations:
None.

65. R&D Expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Employee-related compensation expenses	**9,357,045.86**	5,593,542.31
Depreciation and amortisation	**4,531,241.83**	3,360,241.13
Electricity expenses	**5,575,562.45**	3,838,607.73
Technical service expenses	**4,161,521.94**	63,048.34
Material fees	**45,346,733.52**	62,782,888.44
Testing and inspection fees	**4,513,241.54**	153,139.26
Patent-related expenses	**100,541.70**	—
Other expenses	**988,545.40**	55,208.69
Total	**74,574,434.24**	75,846,675.90

Other explanations:
None.

66. Finance Costs

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Interest expense	**14,486,236.66**	11,472,591.92
Including: Interest expenses on lease liabilities	**30,814.84**	26,315.42
Less: Interest income	**34,518,360.01**	7,757,869.58
Exchange gain or loss	**118,380,458.18**	-5,141,986.12
Others	**686,702.40**	1,411,449.81
Total	**99,035,037.23**	-15,813.97

Other explanations:
None.

67. Other Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Classification by nature	Amount for the current period	Amount for the previous period
Additional credit for input tax	**1,199,398.43**	
Government grants	**30,259,431.06**	36,162,692.36
Refund of handling fees for withheld individual income tax	**299,246.96**	239,952.14
Total	**31,758,076.45**	36,402,644.50

Other explanations:
None.

68. Investment Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
Long-term equity investment income accounted for under the equity method	**-1,940,606.87**	-2,645,278.83
Investment income on disposal of long-term equity investment	**0.00**	15,155,851.39
Investment income of held-for-trading financial assets during the period of holding		
Dividend income from investment in other equity instruments during the period of holding		
Interest income from debt investments during the period of holding		
Interest income from other debt investments during the period of holding		
Investment income on disposal of held-for-trading financial assets		
Investment income on disposal of investment in other equity instruments		
Investment income on disposal of debt investments		
Investment income on disposal of other debt investments		
Gain on debt restructuring		
Total	**-1,940,606.87**	12,510,572.56

Other explanations:

None.

69. Gain on Net Exposure Hedging

☐ Applicable ✓ Not applicable

70. Gains from changes in fair value

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source of gains from changes in fair value	Amount for the current period	Amount for the previous period
Financial assets held for trading	**32,723,432.62**	
Including: Gains from changes in fair value of derivative financial instruments	**32,723,432.62**	
Bank wealth management products	**-2,455,152.90**	
Derivative financial liabilities	**-7,614,731.15**	
Investment properties measured at fair value		
Other non-current financial assets	**-5,548.51**	49,367.34
Total	**22,648,000.06**	49,367.34

Other explanations:
None.

71. Gains from disposal of assets

☐ Applicable ✓ Not applicable

72. Credit impairment losses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Loss on bad debts of notes receivable	**97,146.00**	1,290,545.93
Loss on bad debts of accounts receivable	**-12,133,253.68**	143,363.80
Loss on bad debts of other receivables	**5,403.14**	-465,964.54
Total	**-12,030,704.54**	967,945.19

Other explanations:
None.

73. Asset impairment losses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
I. Losses on impairment of contract assets		
II. Losses on impairment of inventories and losses on impairment of contract performance cost	**-18,101,332.66**	-10,871,049.09
III. Losses on impairment of long-term equity investments		
IV. Losses on impairment of investment properties		
V. Losses on impairment of fixed assets		
VI. Losses on impairment of construction materials		
VII. Losses on impairment of construction in progress		
VIII. Losses on impairment of productive biological assets		
IX. Losses on impairment of oil and gas assets		
X. Losses on impairment of intangible assets		
XI. Losses on impairment of goodwill		
XII. Others		
Total	**-18,101,332.66**	-10,871,049.09

Other explanations:
None.

74. Non-operating Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss for the current period
Total gains on disposal of non-current assets			
Including: Gain on disposal of fixed assets			
Gains on disposal of intangible assets			
Gains on debt restructuring			
Gain on exchange of non-monetary assets			
Income from donations			
Government grants			
Income from waste	**397,546.27**	345,392.79	397,546.27
Others	**56,943.92**	253,733.78	56,943.92
Total	**454,490.19**	599,126.57	454,490.19

Other explanations:

☐ Applicable ✓ Not applicable

75. Non-operating expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in non-recurring profit or loss for the current period
Total loss on disposal of non-current assets			
Including: Loss on disposal of fixed assets			
Loss on disposal of intangible assets			
Loss on debt restructuring			
Loss on exchange of non-monetary assets			
External donations	**4,000.00**	150,000.00	4,000.00
Others	**107.99**	1,197.63	107.99
Total	**4,107.99**	151,197.63	4,107.99

Other explanations:

None.

76. Income tax expenses

(1) Particulars of income tax expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Current income tax expense	**9,361,100.11**	1,839,293.39
Deferred income tax expense	**97,135.16**	-5,119,867.79
Total	**9,458,235.27**	-3,280,574.40

(2) Reconciliation between accounting profit and income tax expenses

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period
Total profit	**-50,666,621.77**
Income tax expenses calculated at statutory/applicable tax rate	**-7,599,993.27**
Effect of different tax rates applicable to subsidiaries	**729,870.17**
Effect of adjustment to income tax of previous periods	
Effect of non-taxable income	**291,091.03**
Effect of non-deductible costs, expenses and losses	**-1,202,098.11**
Effect of utilization of deductible losses in deferred income tax assets not recognized in previous period	**-1,486,572.08**
Effect of deductible temporary differences in deferred income tax assets not recognized in current period or effect of deductible losses	**23,323,810.58**
Additional deductible expenses as stipulated by Tax Laws	**-4,593,774.75**
Change in balance of deferred tax assets/liability at the beginning of the period due to tax rate adjustment	**-4,098.30**
Income tax expense	**9,458,235.27**

Other explanations:

☐ Applicable ✓ Not applicable

77. Other comprehensive income

✓ Applicable ☐ Not applicable

Please see the relevant content in “57. Other comprehensive income” in this section for details.

78. Items on statements of cash flow

(1) *Cash relating to operating activities*

Cash received relating to other operating activities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
Finance expenses: Interest income	**32,234,561.75**	7,757,869.58
Government grants and refund preference of handling fees for individual income tax	**30,558,678.02**	128,880,449.22
Non-operating income — Others	**454,490.19**	424,893.59
Receipt of value added tax credit refunds	**10,575,281.31**	79,562,457.91
Open credit and others	**12,510,296.81**	22,490,829.35
Total	**86,333,308.08**	239,116,499.65

Explanations of cash received relating to other operating activities:

None.

Cash paid relating to other operating activities

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
revenue expenditures	**34,837,763.44**	29,187,311.24
Finance expenses	**1,778,341.22**	1,411,449.81
Non-operating expenses	**4,107.99**	151,197.63
Open credit, payments on behalf of others, and others	**22,468,844.04**	13,200,425.05
Total	**59,089,056.69**	43,950,383.73

Explanations of cash paid relating to other operating activities:

None.

(2) Cash relating to investing activities

Cash received relating to material investing activities
☐ Applicable ✓ Not applicable

Cash paid relating to material investing activities
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
Purchase of fixed assets, intangible assets and other long-term assets	**594,312,732.74**	217,713,121.11
Cash paid on external investment	**25,000,000.00**	2,842,000.00
Investments relating to derivatives	**2,330,968,018.22**	
Total	**2,950,280,750.96**	220,555,121.11

Explanations of cash paid relating to material investing activities:
None.

Cash received relating to other investing activities
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
Recovery of principal and income from related wealth management products	**106,118,201.70**	
Total	**106,118,201.70**	

Explanations of cash received relating to other investing activities:
None.

Cash paid relating to other investing activities
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Investments relating to derivatives	**2,330,968,018.22**	
Total	**2,330,968,018.22**	

Explanations of cash paid relating to other investing activities:
None.

(3) ***Cash relating to financing activities***

Cash received relating to other financing activities
☐ Applicable ✓ Not applicable

Cash paid relating to other financing activities
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Bank notes payable	**150,000,000.00**	
Lease payments for lease of right-of-use assets		1,689,079.68
Total	**150,000,000.00**	1,689,079.68

Explanations of cash paid relating to other financing activities:
None.

Changes in various liabilities arising from financing activities
☐ Applicable ✓ Not applicable

(4) ***Explanation of cash flows presented on a net basis***

☐ Applicable ✓ Not applicable

(5) ***Significant activities and financial effects that do not involve cash receipts and payment for the current period but may affect the Company's financial position or future cash flows***

☐ Applicable ✓ Not applicable

79. Supplementary information on cash flow statement

(1) Supplementary information on cash flow statement

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Supplementary information	**Amount for the period**	Amount for the prior period
1. Net profit adjusted to cash flows of operating activities:		
Net profit	**-60,124,857.04**	10,880,178.50
Add: Provision for impairment of assets	**15,188,819.25**	10,871,049.09
Credit impairment losses	**12,030,704.54**	-967,945.19
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	**185,463,513.62**	171,157,678.41
Amortization of right-of-use assets		4,959,447.93
Amortization of intangible assets	**9,206,636.70**	7,424,499.07
Amortization of long-term deferred expenses	**6,205,806.96**	5,672,116.72
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains represented with "-" signs)		7,384.44
Loss on scrapping of fixed assets (gains represented with "-" signs)		
Loss from changes in fair value (gains represented with "-" signs)	**-22,648,000.06**	-49,367.34
Financial expenses (gains represented with "-" signs)	**132,866,694.84**	6,330,605.80
Investment losses (gains represented with "-" signs)	**1,940,606.87**	-12,510,572.56
Decrease in deferred income tax assets (increase represented with "-" signs)	**222,322.67**	-5,119,867.79
Increase in deferred income tax liabilities (decrease represented with "-" signs)		
Decrease in inventories (increase represented with "-" signs)	**-160,577,173.26**	-39,716,997.97
Decrease in operating receivables (increase represented with "-" signs)	**-110,763,376.16**	-5,577,405.43
Increase in operating payables(decrease represented with "-" signs)	**-29,266,765.44**	136,108,715.22
Others		
Net cash flows from operating activities	**-20,255,066.51**	289,469,518.90
2. Significant investing and financing activities that do not involve cash receipts and payment:		
Conversion of debts into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**608,933,223.92**	1,533,298,485.28
Less: Opening balance of cash	**3,098,277,235.15**	1,155,456,130.15
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	**-2,489,344,011.23**	377,842,355.13

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

☐ Applicable ✓ Not applicable

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

☐ Applicable ✓ Not applicable

(4) Cash and cash equivalents composition

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Closing balance**	Opening balance
I. Cash	**608,933,223.92**	3,098,277,235.15
Including: Cash on hand	**1,470.57**	1,184.50
Bank deposit that can be used for payment at any time	**608,432,001.92**	3,098,076,870.41
Other monetary fund that can be used for payment at any time	**499,751.43**	199,180.24
Central bank deposits that can be used for payment		
Deposits in other banks		
Call loans to banks		
II. Cash equivalents		
Including: Bond investments due within three months		
III. Balance of cash and cash equivalents at the end of the period	**608,933,223.92**	3,098,277,235.15
Including: Restricted cash and cash equivalents used by the parent company and the subsidiaries of the Group		

(5) Items with restricted use but still presented as cash and cash equivalents

☐ Applicable ✓ Not applicable

(6) Monetary funds not classified as cash and cash equivalents

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	**Closing balance**	**Opening balance**	**Rationale**
Other monetary funds	2,527,737,341.22	80,008,748.25	Deposits, bills, letter of credit, letter of guarantee deposit and funds relating to derivatives
Total	2,527,737,341.22	80,008,748.25	/

Other explanations:

☐ Applicable ✓ Not applicable

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

Explanation for matters such as the item name of "Others" and amount adjustment for adjusting the balance at the end of the previous year:

☐ Applicable ✓ Not applicable

81. Monetary Item in Foreign Currency

(1) *Monetary item in foreign currency*

✓ Applicable ☐ Not applicable

Unit: Yuan

Item	Closing balance of foreign currency	Exchange rate	Closing balance translated into RMB
Cash at bank and on hand	—	—	2,373,087,211.11
Including: USD	124,134,754.22	6.8109	845,469,397.50
EUR	8,382.35	7.7671	65,106.55
HKD	273,115.20	0.86855	237,214.21
MYR	1,966,026.06	0.59758	3,289,979.68
JPY	36,247,485,151.00	4.2045	1,524,025,513.17
Accounts receivable	—	—	217,564,081.89
Including: USD	31,354,216.72	6.8109	213,550,434.66
JPY	95,460,750.00	4.2045	4,013,647.23
Other receivables	—	—	767,052.83
Including: EUR	905.91	7.7671	7,036.29
HKD	432,097.38	0.86855	375,298.18
MYR	229,900.00	0.59758	384,718.36
Accounts payable	—	—	2,003,998.77
Including: USD	287,874.24	6.8109	1,960,682.66
MYR	10,314.00	0.59758	17,259.61
HKD	30,000.00	0.86855	26,056.50
Other payables	—	—	22,217,743.16
Including: EUR	2,962,000.00	7.7671	23,006,150.20
JPY	1,079,715.07	4.2045	45,396.62
MYR	-498,264.39	0.59758	-833,803.66

Other explanations:

None.

(2) *The nature of the lack of convertibility of the currency and its financial impact, the spot exchange rate adopted and the estimation process thereof, as well as the risks faced by the enterprise arising from the lack of convertibility of the currency*

☐ Applicable ✓ Not applicable

(3) ***Explanation on foreign business entity (including those that are considered important) should include disclosure of: the overseas principal place of business of the foreign business entity; the functional currency and the basis for using that currency; the reason(s) for the change of functional currency.***

☐ Applicable ✓ Not applicable

(4) ***The lack of convertibility between the functional currency of the foreign operation and the presentation currency of the enterprise***

☐ Applicable ✓ Not applicable

82. Leases

(1) *As lessee*

✓ Applicable ☐ Not applicable

Variable lease payments not included in the measurement of lease liabilities

☐ Applicable ✓ Not applicable

Lease charges for short-term leases or leases of low-value assets with simplified approach

✓ Applicable ☐ Not applicable

The short-term lease expenses under the simplified approach included in the cost of related assets or profit or loss for the current period amount to 11,281,979.13.(Unit: Yuan Currency: RMB)

Basis of judgment for leaseback transactions

☐ Applicable ✓ Not applicable

Total lease-related cash outflows 6,763,992.60 (Unit: Yuan Currency: RMB).

(2) *As lessor*

Operating leases — as lessor

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Lease income	Including: Revenue related to variable lease payments not included in the measurement of lease receivables
Operating lease income	2,095,339.16	
Total	2,095,339.16	

Finance lease — as lessor

☐ Applicable ✓ Not applicable

Reconciliation of undiscounted lease receivable and net investment in leases

☐ Applicable ✓ Not applicable

Undiscounted lease receivable for the next five years

☐ Applicable ✓ Not applicable

(3) Recognition of gain or loss on sale of finance lease as a producer or distributor

☐ Applicable ✓ Not applicable

Other explanation
Not applicable.

83. Data Resources

☐ Applicable ✓ Not applicable

84. Earnings per Share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding of the Company:

Item	Amount for the current period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the parent	**–58,616,647.35**	10,880,178.50
Weighted average number of ordinary shares outstanding of the Company	**483,008,960**	427,705,160
Basic earnings per share	**–0.12**	0.03
Of which: Basic earnings per share from continuing operations	**–0.12**	0.03
Basic earnings per share from discontinued operations	**0.00**	0.00

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the consolidated net profit attributable to ordinary shareholders of the parent (diluted) by the weighted average number of ordinary shares outstanding of the Company (diluted):

Item	**Amount for the current period**	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the parent (diluted)	**-58,616,647.35**	10,880,178.50
Weighted average number of ordinary shares outstanding of the Company (diluted)	**483,008,960**	427,705,160
Diluted earnings per share	**-0.12**	0.03
Of which: Diluted earnings per share from continuing operations	**-0.12**	0.03
Diluted earnings per share from discontinued operations	**0.00**	0.00

☐ Applicable ✓ Not applicable

VIII. R&D EXPENSES

1. By Nature of Cost

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	**Amount for the current period**	Amount for the previous period
Salaries and wages of R&D personnel	**9,357,045.86**	5,593,542.31
Depreciation and amortisation	**4,531,241.83**	3,360,241.13
Electricity fees	**5,575,562.45**	3,838,607.73
Technical service fees	**4,161,521.94**	63,048.34
Material costs	**45,346,733.52**	62,782,888.44
Testing and inspection fees	**4,513,241.54**	153,139.26
Patent-related fees	**100,541.70**	
Other expenses	**988,545.40**	55,208.69
Total	**74,574,434.24**	75,846,675.90
Of which: R&D costs as expense	**74,574,434.24**	75,846,675.90
R&D costs as capital		

Other explanations:
None.

2. R&D Costs Eligible for Capitalization

☐ Applicable ✓ Not applicable

Significant capitalised R&D costs

☐ Applicable ✓ Not applicable

Provision for impairment on R&D costs

☐ Applicable ✓ Not applicable

Other explanations
None.

3. Significant Outsourced Projects Under Research

☐ Applicable ✓ Not applicable

IX. CHANGES IN SCOPE OF CONSOLIDATION

1. Business Combinations Involving Enterprises not under Common Control

☐ Applicable ✓ Not applicable

2. Combinations Involving Enterprises under Common Control

☐ Applicable ✓ Not applicable

3. Reverse Acquisition

☐ Applicable ✓ Not applicable

4. Disposal of Subsidiaries

Whether there is a transaction or event that results in the loss of control over subsidiaries during the current period
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

Whether there is a step-by-step disposal of investment in a subsidiary through multiple transactions that results in the loss of control during the current period
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

5. Changes in The Scope of Consolidation Due to Other Reasons

Explanation on the changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries and liquidation of subsidiaries, etc.) and the related conditions:
☐ Applicable ✓ Not applicable

6. Others

☐ Applicable ✓ Not applicable

X. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

(1) Composition of the Group

✓ Applicable ☐ Not applicable

Unit: RMB0'000 Currency: RMB

Subsidiary name	Principal place of operation	Registered capital	Registered place	Business nature	Shareholding percentage (%)		Method of acquisition
					Direct	Indirect	
Shandong Tianyue New Materials Technology Co., Ltd. (山東天岳新材料技術有限公司)	Shandong	9,500	Shandong	Technology development, technology consulting, and technology promotion of new materials	100.00		Establishment
Shanghai Yuefu Technology & Trading Co., Ltd. (上海越服科貿有限公司)	Shanghai	1,000	Shanghai	Procurement of raw materials and equipment related to SiC production	100.00		Establishment
Shanghai Tianyue Semiconductor Materials Co., Ltd. (上海天岳半導體材料有限公司)	Shanghai	90,000	Shanghai	Research and development, manufacturing and sales of SiC substrates	100.00		Establishment
SICC GLOBAL株式會社	Osaka, Japan	5,403	Japan	Responsible for the sales of SiC products in Japan	100.00		Establishment
Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司)	Shanghai	5,000	Shanghai	Investment	100.00		Establishment
SKY SPUR INVESTMENT LIMITED	Hong Kong, China	72.1814	Hong Kong, China	Sales and import/export of SiC products, technical exchange and consulting		100.00	Establishment
VISIONARY HORIZON PTE.LTD	Singapore	35.0370	Singapore	Investment		100.00	Establishment
SICC-Europe-GmbH	Germany	EUR25,000	Germany	Import and export of SiC products, trading and related customer services		100.00	Establishment
Jining Tianyue Semiconductor New Materials Co., Ltd. (濟甯天岳半導體新材料有限公司)	Shandong	5,000	Shandong	Manufacturing of graphite and carbon products	100.00		Establishment
SICC Malaysia Holdings Inc	British Virgin Islands	1,700	British Virgin Islands	Investment		100.00	Establishment
Mega Materials Sdn. Bhd	Malaysia	MYR2,700,075	Malaysia	Manufacturing and sales of wide-bandgap semiconductor substrate materials		100.00	Establishment
VH Investment Inc	British Virgin Islands	850	British Virgin Islands	Investment		100.00	Establishment
Shanghai Zhuhuan Technology Co., Ltd (上海鑄幻科技有限公司)	Shanghai	100	Shanghai	Design of other SiC-related products		100.00	Establishment
SICC INTERNATIONAL LIMITED	Hong Kong	USD100,000	Hong Kong	Import and export and trading of SiC products		100.00	Establishment
Daiwo (Shenzhen) Semiconductor Technology Co., Ltd. (岱沃(深圳)半導體技術有限責任公司)	Shenzhen	870	Shenzhen	R&D and manufacturing of SiC product equipment		51.00	Business Combinations Involving Enterprises not under Common Control

Note: All amounts of registered capital not expressly indicated in a specific currency shall be denominated in Renminbi.

Explanation of the difference between the proportion of shareholding in subsidiaries and the percentage of voting rights:
None.

Judgement base of having 50% or less of the voting right but controlling the invested unit as well as having more than 50% voting right but not controlling the invested unit:
None.

Basis of controlling significant structuring subject in the combination range:
None.

Basis for determining whether the Company is an agent or a principal:
None.

Other explanations:
None.

(2) *Material non-wholly-owned subsidiaries*

☐ Applicable ✓ Not applicable

(3) *Key financial information of material non-wholly-owned subsidiaries*

☐ Applicable ✓ Not applicable

(4) *Material restrictions on the use of assets of the enterprise group and settlement of debts of the enterprise group:*

☐ Applicable ✓ Not applicable

(5) *Financial or other assistance provided to structured entities included in the consolidated financial statements:*

☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

2. Transactions resulting in the change in percentage of worker's equity in subsidiaries without losing control

☐ Applicable ✓ Not applicable

3. Interests in joint ventures or associates

✓ Applicable ☐ Not applicable

(1) *Significant joint ventures or associates*

☐ Applicable ✓ Not applicable

(2) *Main financial information of significant joint ventures*

☐ Applicable ✓ Not applicable

(3) *Main financial information for significant associates*

☐ Applicable ✓ Not applicable

(4) *Aggregated financial information of insignificant joint ventures and associates*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Balance at the end of the period/Amount for the current period	Balance at the beginning of the period/Amount for the previous period
Joint ventures:		
Total carrying value of investments		
Amounts in aggregate in proportion to the shareholdings		
— Net profit		
— Other comprehensive income		
— Total comprehensive income		
Associates:		
Total carrying value of investments	**19,588,685.10**	21,529,291.97
Amounts in aggregate in proportion to the shareholdings		
— Net profit	**-1,940,606.87**	-4,400,679.25
— Other comprehensive income		
— Total comprehensive income	**-1,940,606.87**	-4,400,679.25

Other explanations:
None.

(5) *Description of major restrictions on the ability of joint venture or associate to transfer funds to the Company*

☐ Applicable ✓ Not applicable

(6) *Excessive losses incurred by joint ventures or associates*

☐ Applicable ✓ Not applicable

(7) *Unrecognized commitment related to investment in joint ventures*

☐ Applicable ✓ Not applicable

(8) *Contingent liabilities related to investment in joint ventures or associates*

☐ Applicable ✓ Not applicable

4. Significant joint operation

☐ Applicable ✓ Not applicable

5. Interests in structured entities not included in the scope of consolidated financial statements

Relevant explanations of structured entities not included in the consolidated financial statements:

☐ Applicable ✓ Not applicable

6. Others

☐ Applicable ✓ Not applicable

XI. GOVERNMENT GRANTS

1. Government Grants Recognized as the Amount Receivable at the End of the Reporting Period

☐ Applicable ✓ Not applicable

Reasons for not receiving the estimated amount of government grants at the estimated time points

☐ Applicable ✓ Not applicable

2. Liabilities Related to Government Grants

☐ Applicable ✓ Not applicable

3. Government Grants included in the Current Profit or LOSS

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Type	Amount for the current period	Amount for the previous period
Relating to assets	**17,314,038.83**	18,225,603.72
Relating to income	**14,700,000.00**	4,632,000.00
Total	**32,014,038.83**	22,857,603.72

Other explanations:

None.

XII. RISKS RELATED TO FINANCIAL INSTRUMENTS

1. Financial Instrument Risks

✓ Applicable ☐ Not applicable

(I) Various risks arising from financial instruments

The Company is exposed to various financial risks during its operations: credit risk, liquidity risk and market risk (including foreign exchange risk, interest rate risk and other price risk). The financial risks and the risk management policies adopted by the Company to mitigate these risks are described below.

The board of directors is responsible for planning and establishing the Company's risk management framework, developing the Company's risk management policies and related guidelines, and overseeing the implementation of risk management measures. The Company has developed risk management policies to identify and analyses the risks faced by the Company. These risk management policies define specific risks which cover many aspects such as market risk, credit risk and liquidity risk management. The Company evaluates the market environment and changes in the Company's operations to determine whether to update the risk management policies and systems on a regular basis. The risk management of the Company is carried out by the Risk Management Committee in accordance with the policy approved by the Board. The Risk Management Committee works closely with other business units of the Company to identify, evaluate and evade risks. The Company's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Company's audit committee.

The Company uses appropriate diversification and portfolio to diversify the risk of financial instruments and reduce the risk of focusing on the single industry, specific region, or specific counterparty by developing appropriate risk management policies.

1. Credit risk

Credit risk refers to the risk of financial loss to the Company arising from the failure of counterparties to perform their contractual obligations. The Company's credit risk mainly arises from cash at bank and on hand, notes receivable, accounts receivable, financing of receivables, other receivables, etc., as well as investments in debt instruments at fair value through profit or loss and derivative financial assets that are not included in the scope of impairment assessment.

The Company's cash at bank and on hand are mainly bank deposits placed with state-owned banks and other large and medium-sized listed banks with good reputation and high credit ratings. The Company considers that they are not exposed to significant credit risk and that they will almost not incur any significant losses arising from bank defaults.

In addition, with respect to notes receivable, accounts receivable, financing of receivables and other receivables, etc., the Company has established relevant policies to control credit risk exposure. The Company assesses customers' creditworthiness based on their financial conditions, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions, and sets corresponding credit periods. The Company regularly monitors customers' credit records. For customers with poor credit records, the Company will adopt methods such as written reminders, shortening or canceling credit periods, to ensure that the Company's overall credit risk is within a controllable range.

2. *Liquidity risk*

Liquidity risk refers to the risk of a shortage of funds when an enterprise performs its obligations settled by delivering cash or other financial assets.

The Company's policy is to ensure that it has sufficient cash to repay its debts as they fall due. Liquidity risk is centrally controlled by the Company's finance department. The finance department ensures that the Company has sufficient funds to repay its debts under all reasonably foreseeable circumstances by monitoring cash balances, readily realizable marketable securities, and rolling forecasts of cash flows for the next 12 months. At the same time, it continuously monitors the Company's compliance with the terms of its borrowing agreements and obtains commitments from major financial institutions to provide sufficient stand-by facilities to meet both short-term and long-term funding requirements.

Situation as at 30 June 2026:

	Balance at the end of the period (Unit: Yuan Currency: RMB)		
Item	**Within 1 year**	**Over 1 year**	**Carrying value**
Short-term borrowings	**1,256,047,149.60**		**1,256,047,149.60**
Long-term borrowings	**135,000,000.00**	**237,906,188.94**	**372,906,188.94**
Accounts payable	**431,007,825.65**		**431,007,825.65**
Notes payable	**254,158,902.58**		**254,158,902.58**
Other payables	**20,012,947.14**		**20,012,947.14**
Lease liabilities and lease liabilities due within one year	**4,481,455.24**	**10,468,733.66**	**14,950,188.90**
Total	**2,100,708,280.21**	**248,374,922.60**	**2,349,083,202.81**

Situation as at the end of 2025:

	Balance at the end of last year (Unit: Yuan Currency: RMB)		
Items	Within 1 year	Over 1 year	Carrying value
Short-term borrowings	658,451,304.97		658,451,304.97
Long-term borrowings	38,205,742.56	345,206,250.00	383,411,992.56
Accounts payable	432,504,570.61		432,504,570.61
Notes payable	299,140,721.15		299,140,721.15
Other payables	14,366,631.36		14,366,631.36
Lease liabilities and lease liabilities due within one year	9,099,160.16	12,887,492.23	21,986,652.39
Total	1,451,768,130.81	358,093,742.23	1,809,861,873.04

3. *Market risk*

Market risk of financial instruments refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices, including foreign exchange risk, interest rate risk and other price risk.

(1) Interest rate risk

Interest rate risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rates.

Interest-bearing financial instruments at fixed rates and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the proportion of fixed-rate and floating-rate instruments based on market conditions, and maintains an appropriate mix of fixed-rate and floating-rate instruments through periodic review and monitoring. When necessary, the Company uses interest rate swap instruments to hedge interest rate risk.

As at 30 June 2026, keeping other variables unchanged, if interest rates on borrowings at floating rates increase or decrease by 100 basis points, the Company's net profit would decrease or increase by RMB14.0264 million (31 December 2025: RMB9.3310 million).

(2) Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates.

The Company continuously monitors the scale of foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risk to which it is exposed. In addition, the Company may also enter forward foreign exchange contracts or currency swap contracts for the purpose of hedging foreign exchange risk. During the current period and the prior period, the Company did not enter into any forward foreign exchange contracts or currency swap contracts. The foreign exchange risk faced by the Company mainly arises from financial assets and financial liabilities denominated in US dollars. The amounts of foreign currency financial assets and foreign currency financial liabilities translated into RMB are set out below:

	Balance at the end of the period				Balance at the end of last year			
Item	**US dollar**	**Japanese yen**	**Other foreign currency**	**Total**	US dollar	Japanese yen	Other foreign currency	Total
Assets	**1,059,019,832.19**	**1,528,039,160.40**	**4,359,353.27**	**2,591,418,345.86**	2,444,872,742.35	34,532,531.02	273,100,881.93	2,752,506,155.30
Liabilities	**1,960,682.68**	**45,396.62**	**22,215,662.65**	**24,221,741.95**	9,997,744.94	3,965,347.25	450,590.60	14,413,682.79
Net assets	**1,057,059,149.51**	**1,527,993,763.78**	**-17,856,309.38**	**2,567,196,603.91**	2,434,874,997.41	30,567,183.77	272,650,291.33	2,738,092,472.51

As at 30 June 2026, keeping all other variables constant, if the RMB appreciates or depreciates by 10% against the US dollar, the Company's net profit would increase or decrease by RMB256.7197 million (31 December 2025: RMB273.8092 million).

(3) Other price risk

Other price risk refers to the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices other than foreign exchange risk and interest rate risk. The Company's other price risk mainly arises from investments in various equity instruments, and there is a risk of fluctuation in the prices of equity instruments. As at 30 June 2026, the amount of the Company's other non-current financial assets is relatively small, and there is no significant impact.

2. Hedging

(1) The Company conducts hedging business for risk management

✓ Applicable ☐ Not applicable

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information on hedged risks	The economic relationship between the hedged item and the related hedging instrument	Status of effective achievement of expected risk management objectives	The impact of the corresponding hedging activities on risk exposure
Foreign exchange risk	Lock in the foreign exchange risk of the Company's foreign currency assets and liabilities	Changes in exchange rates result in corresponding exchange gains or losses arising from the Company's foreign currency assets and liabilities	There is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the values of the hedging instrument and the hedged item to change in opposite directions due to their exposure to the same hedged risk	Expected risk management objectives can be achieved	Foreign exchange risk

Other explanations

☐ Applicable ✓ Not applicable

(2) The Company conducts permissible hedging business and applies hedge accounting

☐ Applicable ✓ Not applicable

Other explanations

☐ Applicable ✓ Not applicable

(3) The Company conducts hedging business for risk management, is expected to achieve its risk management objectives, but does not apply hedge accounting

✓ Applicable ☐ Not applicable

Item	Reasons for not applying hedge accounting	Impact on the financial statements
Foreign exchange risk	Where the derivative investments of the Company for hedging purposes during the Reporting Period satisfy hedge effectiveness, the Company may elect to apply either Accounting Standard for Business Enterprises No. 24 — Hedging or Accounting Standard for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments for accounting treatment.	Gains or losses on derivative financial instruments are directly recognized in the account of gains and losses from changes in fair value, and exchange gains or losses are recognized in the account of financial expenses

Other explanations

☐ Applicable ✓ Not applicable

3. Transfer of Financial Assets

(1) Classification of transfer methods

☐ Applicable ✓ Not applicable

(2) Financial assets derecognised due to a transfer

☐ Applicable ✓ Not applicable

(3) Financial assets transferred with continuing involvement

☐ Applicable ✓ Not applicable

Other explanations

☐ Applicable ✓ Not applicable

XIII. DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets for trading				
1. Financial assets at fair value though profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(3) Others				
2. Financial assets designated at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Investment in equity instruments				
(II) Receivable financing			6,204,821.72	6,204,821.72
(III) Other debt investments				
(IV) Derivative financial assets		32,723,432.62		32,723,432.62
(V) Other non-current financial assets			37,194,486.70	37,194,486.70
1. Financial assets at fair value though profit or loss			37,194,486.70	37,194,486.70
(1) Investment in debt instruments				
(2) Investment in equity instruments			37,194,486.70	37,194,486.70
(3) Derivative financial assets				
(4) Others				
2. Financial assets designated at fair value through profit or loss				
(1) Investment in debt instruments				
(2) Others				
Total assets measured at fair value on a recurring basis		32,723,432.62	43,399,308.42	76,122,741.04
(VI) Financial liabilities for trading		7,614,731.15		7,614,731.15
1. Financial liabilities at fair value through profit or loss		7,614,731.15		7,614,731.15
Including: Debentures issued for trading				
Derivative financial liabilities		7,614,731.15		7,614,731.15
Others				
2. Financial liabilities designated at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis		7,614,731.15		7,614,731.15
II. Non-recurring fair value measurement				
(I) Assets held for sale				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

2. Basis for Determination of the Market Value of Level 1 Fair Value Measuring Items Measured on Recurring and Non-Recurring Basis

☐ Applicable ✓ Not applicable

3. Qualitative and Quantitative Information of Valuation Techniques and Important Parameters Used in Level 2 Fair Value Measuring Items Measured on Recurring and Non-Recurring Basis

✓ Applicable ☐ Not applicable

The Company's Level 2 fair value measurement items are recurring derivative financial assets (mainly forward foreign exchange contracts). Such financial assets are valued using the present value method (discounted cash flow method), that is, the fair value is determined by discounting the future cash flows arising from forward foreign exchange contracts using observable market yield curves. The significant parameters used mainly include: (1) the forward exchange rates as agreed in the contracts; (2) observable forward foreign exchange market rates as at the balance sheet date; and (3) risk-free interest rates (discount rates), which are derived from observable government bond yield curves or interbank market interest rate curves. The above parameters are all derived from observable quotations in active markets or interest rate curves validated by observable market data, and thus are Level 2 inputs, with no significant unobservable inputs. During the current period, the Company had no non-recurring (i.e., measured at fair value upon disposal or sale) Level 2 fair value measurement items.

4. Qualitative and Quantitative Information of Valuation Techniques and Important Parameters Used in Level 3 Fair Value Measuring Items Measured on Recurring and Non-Recurring Basis

✓ Applicable ☐ Not applicable

1. Receivables financing represent bank acceptance bills held, with short remaining maturities, and their carrying balances approximate fair value.

2. Other non-current financial assets represent equity interests in unlisted companies. The Company uses specific valuation techniques to determine their fair value. The significant parameters adopted include investment cost, carrying amount of net assets, etc., to reasonably estimate the fair value.

3. Trading financial assets represent investments in wealth management products held. The Company uses valuation techniques to determine their fair value. The measurement of their fair value takes into account and adopts significant parameters, such as expected rate of return and exchange rate translation, to reasonably estimate the fair value.

5. Analysis on the Measurement Items Measured at Fair Value of Level 3 on a Going Concern, Adjustment Information between the Book Value as at the Beginning of Period and the Book Value as at the End of Period and Sensitivity of Unobservable Parameters

✓ Applicable ☐ Not applicable

Adjustment information for the measurement items measured at fair value of level 3 on a going concern (Unit: Yuan)

Item	Balance at the end of prior year	Transfer to level 3	Transfer from level 3	Included in the profit or loss for the current period	Purchases	Settlements	Closing balance	For assets held at the end of the Reporting Period, current unrealized gains or changes included in profit or loss
I. Trading financial assets	108,573,477.90			-2,455,152.90	0.00	106,118,325.00	0.00	0.00
Financial assets at fair value through profit or loss	108,573,477.90			-2,455,152.90	0.00	106,118,325.00	0.00	0.00
– Wealth management products	108,573,477.90			-2,455,152.90	0.00	106,118,325.00	0.00	0.00
II. Receivables financing	69,385,834.69			0.00	91,399,464.33	154,580,477.30	6,204,821.72	0.00
III. Other non-current financial assets	12,200,035.21			-5,548.51	25,000,000.00		37,194,486.70	-5,548.51
Financial assets at fair value through profit or loss	12,200,035.21			-5,548.51	25,000,000.00		37,194,486.70	-5,548.51
– Investments in equity instruments	12,200,035.21			-5,548.51	25,000,000.00		37,194,486.70	-5,548.51
Total	190,159,347.80			-2,460,701.41	116,399,464.33	252,416,983.73	43,399,308.42	-2,460,701.41
Including: Gains and losses related to financial assets				-2,460,701.41				-2,460,701.41

6. Reasons for Conversion and the Policy for Determining the Point of Conversion for Ongoing Fair Value Measurement Items if Conversion between Levels Occurred during the Current Period

☐ Applicable ✓ Not applicable

7. Changes in Valuation Techniques That Occurred during the Period and the Reasons for the Changes

☐ Applicable ✓ Not applicable

8. Fair Value of Financial Assets and Financial Liabilities That Are Not Measured at Fair Value

☐ Applicable ✓ Not applicable

9. Others

☐ Applicable ✓ Not applicable

XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent of the Company

☐ Applicable ✓ Not applicable

Actual controller of the Company: Zong Yanmin

2. Subsidiaries of the Company

For details of subsidiaries of the Company, please refer to Note
✓ Applicable ☐ Not applicable

For details of subsidiaries of the Company, please refer to Note "X. INTERESTS IN OTHER ENTITIES" under this section.

3. Joint Ventures and Associates of the Company

For details of significant joint ventures or associates of the Company, please refer to Note
✓ Applicable ☐ Not applicable

For details of joint ventures or associates of the Company, please refer to Note "X. INTERESTS IN OTHER ENTITIES" under this section.

Other joint ventures or associates that have related party transactions with the Company during the current period or have balance of related party transactions with the Company for the previous period are as follows
✓ Applicable ☐ Not applicable

Name of joint ventures or associates	Relationship with the Company
Suzhou Dabo New Materials Technology Co., Ltd.	An associate in which the Company's shareholding is 26.4766% and to which the Company has appointed a director

Other explanations
☐ Applicable ✓ Not applicable

4. Other Related Parties

✓ Applicable ☐ Not applicable

Name of other related party	Relationship between other related party and the Company
Jinan Tianye Construction Machinery Co., Ltd.	An enterprise controlled by Zong Yanmin, a controlling shareholder of the Company
Jining Weishite Information Technology Development Co., Ltd.	Mr. Zong Xinjun, the second younger brother of Mr. Zong Yanmin, a controlling shareholder of the Company, is the actual controller of Jining Weishite Information Technology Development Co., Ltd., which he controls through Jinan Xinghuo Technology Development Co., Ltd.
Customer B	Under the same control as a shareholder holding more than 5% of the Company's shares and having transactions with the Company during the Reporting Period, is identified as a related party in accordance with the principle of substance over form
Dabo Technology (Shanghai) Co., Ltd.	A wholly-owned subsidiary of Suzhou Dabo New Materials Technology Co., Ltd.

Other explanations
None.

5. Related Party Transactions

(1) Related party transaction in relation to purchase and sale of goods and provision and receipt of services

☐ Applicable ✓ Not applicable

Table of sale of goods/provision of services
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	**Content of related party transaction**	**Amount for the current period**	Amount for the previous period
Customer B	Sale of goods/provision of services	**2,686,065.50**	18,097,198.60
Dabo Technology (Shanghai) Co., Ltd.	Sale of goods	**2,655**	2,212,393.00

Explanations of related party transaction in relation to purchase and sale of goods and provision and receipt of services
✓ Applicable ☐ Not applicable

Due to reasons attributable to the ultimate customer, the amounts incurred with the Company during the Reporting Period, including direct and indirect transaction amounts, are deemed to be related party transactions and disclosed accordingly.

(2) *Related entrusted management/contracting and entrusting management/outsourcing business*

Table of the entrusted management/contracting business of the Company:
☐ Applicable ✓ Not applicable

Explanation of affiliated hosting/contracting
☐ Applicable ✓ Not applicable

Table of the entrusting management/outsourcing business of the Company:
☐ Applicable ✓ Not applicable

Explanations of related management/outsourcing business
☐ Applicable ✓ Not applicable

(3) *Related leases*

The Company acts as a lessor:
☐ Applicable ✓ Not applicable

The Company acts as a lessee:
✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

		Amount for the current period					Amount for the previous period				
Name of lessor	Type of leased assets	Rental charges for short-term leases and leases of low-value assets with simplified approach (as applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rentals paid	Interest expense on lease liabilities assumed	Increased right-of-use assets	Rental charges for short-term leases and leases of low-value assets with simplified approach (as applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rentals paid	Interest expense on lease liabilities assumed	Increased right-of-use assets
Jining Weishite Information Technology Development Co., Ltd.	Plant and ancillary facilities, production equipment and other costs	3,010,063.45		3,010,063.45			4,304,118.61		4,304,118.61		
Jinan Tianye Construction Machinery Co., Ltd.	Houses and buildings	222,935.78		222,935.78			312,283.49		370,764.00		

Explanations of related leases
☐ Applicable ✓ Not applicable

(4) Related guarantees

The Company acts as a guarantor

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

guaranteed party	Amount of guarantee	Date of commencement of guarantee	Date of expiry of guarantee	Whether fully performed
Shanghai Tianyue Semiconductor Material Co., Ltd.	1,000,000,000.00	12 June 2025	11 June 2028	No
Shanghai Yuefu Technology & Trading Co., Ltd	100,000,000.00	13 September 2023	12 September 2026	No

The Company acts as the guaranteed party

☐ Applicable ✓ Not applicable

Explanations of related guarantees

☐ Applicable ✓ Not applicable

(5) Capital lending/borrowing of related parties

☐ Applicable ✓ Not applicable

(6) Asset transfer and debt restructuring of related parties

☐ Applicable ✓ Not applicable

(7) Emolument of key management

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	**Amount for the current period**	Amount for the previous period
Emolument of key management	**4,016,299.47**	6,019,019.11

Note: The above amounts include social insurance and housing provident fund.

(8) Other related party transactions

☐ Applicable ✓ Not applicable

6. Unsettled Items such as Amounts Due from and to Related Parties

(1) *Accounts receivable*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of item	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
Accounts receivable	Customer B	429,070	21,453.50	17,933,148.00	896,657.40

Name of item	Related party	Closing balance		Opening balance	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
	Dabo Technology (Shanghai) Co., Ltd. (達波科技(上海)有限公司)	3,000.00	150.00		
Other receivables	Jining Weishite Information Technology Development Co., Ltd. (濟寧市緯世特信息科技發展有限公司)	390,000.00	19,500.00	390,000.00	19,500.00

(2) *Accounts payable*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of item	Related party	Closing carrying balance	Opening carrying balance
Accounts payable	Jining Weishite Information Technology Development Co., Ltd.（濟寧市緯世特信息科技發展有限公司）	0.00	236,957.63
Other payables	Jinan Tianye Construction Machinery Co., Ltd. (濟南天業工程機械有限公司)	0.00	121,500.00
	Zong Yanmin (宗艷民)	0.00	500,000.00
	Gao Chao (高超)	1,000,000.00	800,000.00
Non-current liabilities due within one year	Jining Weishite Information Technology Development Co., Ltd. (濟寧市緯世特信息科技發展有限公司)	0.00	4,616,341.05

(3) *Other items*

☐ Applicable ✓ Not applicable

7. Commitments of Related Parties

☐ Applicable ✓ Not applicable

8. Others

☐ Applicable ✓ Not applicable

XV. SHARE-BASED PAYMENT

1. Various Equity Instruments

(1) Details

☐ Applicable ✓ Not applicable

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

✓ Applicable ☐ Not applicable

	Stock options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
Category of grantees	**Range of exercise prices**	**Remaining contract term**	**Range of exercise prices**	**Remaining contract term**
Directors, senior management, core technical personnel and technical and business key personnel	RMB32 per share	12 months/ 20 months		

Other explanations

None.

2. Equity-settled Share-based Payment

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Equity-settled Share-based Payment	Directors, senior management, core technical personnel and technical and business key personnel of the Company
Method for determining the fair value of equity instruments on the grant date	The Company adopts an option pricing model to calculate the fair value of the options
Important parameters for the fair value of equity instruments on the grant date	(1) the exercise price of the options; (2) the term of the options; (3) the current price of the underlying shares; (4) the expected fluctuation ratio in the share price; (5) the expected dividends on the shares; (6) the risk-free interest rate over the term of the options.
Basis for determining the number of exercisable equity instruments	The total number of shares granted under the grant agreement is multiplied by the Company's vesting percentage for each year and granted in three tranches
Reasons for significant differences between current period estimates and prior period estimates	Due to reassessment of the vesting conditions of the restricted share incentive scheme granted in prior periods, it is expected that the relevant performance targets cannot be met, and therefore a portion of the share-based payment expenses previously recognised has been reversed
Cumulative amount of equity-settled share-based payments included in capital reserve	149,350,948.44

Other explanations

The Company held the 2023 annual general meeting on 17 May 2024, and passed the resolutions on the Proposal on the Company's 2024 Restricted Share Incentive Plan (Draft) and its Summary and other related resolutions. On 3 July 2024, the Company convened the fourth meeting of the second session of the Board of Directors and the fourth meeting of the second session of the Supervisory Committee, and considered and approved the Proposal on Granting Restricted Shares to the Incentive Recipients for the First Time, determining 3 July 2024 as the date of initial grant, and granting 4,080,000 restricted shares to 80 incentive recipients at a grant price of RMB32.00 per share.

On 27 March 2025, the Company convened the eleventh meeting of the second session of the Board of Directors and the tenth meeting of the second session of the Supervisory Committee, and considered and approved the Proposal on Granting Restricted Shares for the Reserved Portion to the Incentive Recipients, determining 27 March 2025 as the date of reserved grant, and granting 815,000 restricted shares to 30 incentive recipients at a grant price of RMB32.00 per share.

On 19 August 2026, the Company convened the twenty-second meeting of the second session of the Board of Directors, and considered and approved the Proposal on Forfeiture of Certain Restricted Shares under the Company's 2024 Share Incentive Plan (Initial Grant and Reserved Grant). Due to the failure to achieve the 2025 performance assessment target of the Company and the resignation of certain incentive recipients, a total of 1,525,500 shares were forfeited (including 1,239,000 shares under the initial grant and 286,500 shares under the reserved grant). The aforementioned restricted shares are not eligible for vesting and have been forfeited and become invalid.

3. Share-based payment settled in cash

☐ Applicable ✓ Not applicable

4. Share-based payment expenses for the current period

☐ Applicable ✓ Not applicable

5. Modification and termination of share-based payment

☐ Applicable ✓ Not applicable

6. Others

☐ Applicable ✓ Not applicable

XVI. COMMITMENTS AND CONTINGENCIES

1. Significant commitment matters

✓ Applicable ☐ Not applicable

Significant external commitments, nature and amount on the balance sheet date

(1) Significant commitments existing at the balance sheet date

For unconfirmed commitments relating to related parties, please refer to the corresponding section in Note "XIV. RELATED PARTIES AND RELATED PARTY TRANSACTIONS"; for unconfirmed commitments relating to investments in joint ventures, please refer to the corresponding section in Note "X. INTERESTS IN OTHER ENTITIES"; for commitments relating to leases, please refer to Note "VII. 82. Leases".

(2) Outstanding letters of credit opened

As of 30 June 2026, Shanghai Tianyue had outstanding letters of credit opened in the amount of RMB20.08 million, and Shanghai Yuefu had outstanding letters of credit opened in the amount of US$583,100, both secured by bank credit facilities. Except for the above matters, there are no other significant commitment matters requiring disclosure by the Company.

2. Contingencies

(1) Significant contingencies existing at the balance sheet date

☐ Applicable ✓ Not applicable

(2) If the Company has no significant contingencies requiring disclosure, an explanation shall also be given:

☐ Applicable ✓ Not applicable

3. Others

☐ Applicable ✓ Not applicable

XVII. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting events

☐ Applicable ✓ Not applicable

2. Profit distribution

☐ Applicable ✓ Not applicable

3. Sales returns

☐ Applicable ✓ Not applicable

4. Other explanations of subsequent events after the balance sheet date

☐ Applicable ✓ Not applicable

XVIII. OTHER SIGNIFICANT MATTERS

1. Correction of prior period accounting errors

(1) Retrospective restatement method

☐ Applicable ✓ Not applicable

(2) Prospective application method

☐ Applicable ✓ Not applicable

2. Significant debt restructuring

☐ Applicable ✓ Not applicable

3. Asset exchange

(1) Non-monetary asset exchange

☐ Applicable ✓ Not applicable

(2) Other asset exchanges

☐ Applicable ✓ Not applicable

4. Annuity plans

☐ Applicable ✓ Not applicable

5. Discontinued operations

☐ Applicable ✓ Not applicable

6. Segment information

(1) Basis for determining reporting segments and accounting policies

☐ Applicable ✓ Not applicable

(2) Financial information of reporting segments

☐ Applicable ✓ Not applicable

(3) If the Company has no reporting segments, or cannot disclose the total assets and liabilities of each reporting segment, the reasons shall be stated

☐ Applicable ✓ Not applicable

(4) Other explanations

☐ Applicable ✓ Not applicable

7. Other significant transactions and matters affecting investors' decisions

☐ Applicable ✓ Not applicable

8. Others

☐ Applicable ✓ Not applicable

XIX. NOTES TO MAJOR ITEMS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Trade receivables

(1) Disclosed by ageing

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Aging	**Closing book balance**	Opening book balance
Within 1 year	**937,569,638.13**	702,860,905.03
1 to 2 years	**19,062,290.32**	16,387,226.31
2 to 3 years	**450,000.00**	
Over 3 years		
Subtotal	**957,081,928.45**	719,248,131.34
Less: Provision for bad debts	**31,922,016.19**	24,860,849.48
Total	**925,159,912.26**	694,387,281.86

(2) *Classification disclosure by bad debt provision method*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Percentage (%)	Amount	Provisioning ratio (%)	Carrying amount	Amount	Percentage (%)	Amount	Provisioning ratio (%)	Carrying amount
Provision for bad debts made on a collective basis	**957,081,928.45**	**100.00**	**31,922,016.19**	**3.34**	**925,159,912.26**	719,248,131.34	100.00	24,860,849.48	3.46	694,387,281.86
Including:										
Related party profile	**417,963,764.59**	**43.67**			**417,963,764.59**	235,541,141.72	32.75			235,541,141.72
Ageing profile	**539,118,1**	**56.33**	**31,922,016.19**	**5.92**	**507,196,147.67**	483,706,989.62	67.25	24,860,849.48	5.14	458,846,140.14
Total	**957,081,928.45**	**100.00**	**31,922,016.19**	**3.34**	**925,159,912.26**	719,248,131.34	100.00	24,860,849.48	3.46	694,387,281.86

Provision for bad debts made on an individual basis:
☐ Applicable ✓ Not applicable

Provision for bad debts made on a collective basis:
✓ Applicable ☐ Not applicable

Portfolio-based provisioning items: Ageing profile

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provisioning ratio (%)
Within one year	**520,153,731.86**	**26,007,686.59**	**5.00**
1 to 2 years	**18,514,432.00**	**5,554,329.60**	**30.00**
2 to 3 years	**450,000.00**	**360,000.00**	**80.00**
Total	**539,118,163.86**	**31,922,016.19**	

Explanations on the provision for bad debts made on a collective basis:
☐ Applicable ✓ Not applicable

Provision for bad debts made under the general model of expected credit losses
☐ Applicable ✓ Not applicable

Basis of stage classification and percentage of provision for bad debts
Not applicable.

Explanations on significant changes in the book balance of accounts receivable for which loss provisions changed during the current period:
☐ Applicable ✓ Not applicable

(3) *Status of bad debt provisions*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the current period: Provision	Recovered or reversal	Charge-off or write-off	Other changes	Closing balance
Ageing profile	24,860,849.48	7,061,166.71				31,922,016.19
Total	24,860,849.48	7,061,166.71				31,922,016.19

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐ Applicable ✓ Not applicable

Other explanations
None.

(4) *Actual write-offs of accounts receivable during the period*

☐ Applicable ✓ Not applicable

Significant write-offs of accounts receivable

☐ Applicable ✓ Not applicable

Explanations on write-off of accounts receivable:

☐ Applicable ✓ Not applicable

(5) *Accounts receivable and contract assets with the top five closing balances collected as per the borrowers*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
First	337,707,163.34		337,707,163.34	35.29	
Second	93,204,253.86		93,204,253.86	9.74	4,660,212.69
Third	62,185,546.43		62,185,546.43	6.50	3,109,277.32
Fourth	59,036,600.00		59,036,600.00	6.17	2,951,830.00
Fifth	57,212,942.00		57,212,942.00	5.98	2,860,647.10
Total	609,346,505.63		609,346,505.63	63.68	13,581,967.11

Other explanations

None.

Other explanations:

☐ Applicable ✓ Not applicable

2. Other Receivables

The project list

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interests receivable	**4,916,285.88**	3,089,925.00
Dividends receivable		
Other receivables	**1,743,191,763.51**	1,761,091,006.24
Total	**1,748,108,049.39**	1,764,180,931.24

Other explanations:
☐ Applicable ✓ Not applicable

Interests receivable

(1) Classification of interests receivable

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Time deposits	**4,916,285.88**	3,089,925.00
Total	**4,916,285.88**	3,089,925.00

(2) Significantly overdue interest

☐ Applicable ✓ Not applicable

(3) *Classification disclosure by bad debt provision method*

☐ Applicable ✓ Not applicable

Provision for bad debts made on an individual basis:

☐ Applicable ✓ Not applicable

Explanations on provision for bad debts made on an individual basis:

☐ Applicable ✓ Not applicable

Provision for bad debts made on a collective basis:

☐ Applicable ✓ Not applicable

Provision for bad debts made under the general model of expected credit losses

☐ Applicable ✓ Not applicable

(4) *Status of bad debt provisions*

☐ Applicable ✓ Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:

☐ Applicable ✓ Not applicable

Other explanations:
Not applicable.

(5) *Actual write-offs of interests receivable during the period*

☐ Applicable ✓ Not applicable

Significant write-offs of interests receivable

☐ Applicable ✓ Not applicable

Explanations on write-off:

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

Dividends receivable

(1) *Dividends receivable*

☐ Applicable ✓ Not applicable

(2) *Significant dividends receivable with an ageing of more than one year*

☐ Applicable ✓ Not applicable

(3) *Classification disclosure by bad debt provision method*

☐ Applicable ✓ Not applicable

Provision for bad debts made on an individual basis:
☐ Applicable ✓ Not applicable

Explanations on provision for bad debts made on an individual basis:
☐ Applicable ✓ Not applicable

Provision for bad debts made on a collective basis:
☐ Applicable ✓ Not applicable

Provision for bad debts made under the general model of expected credit losses
☐ Applicable ✓ Not applicable

(4) *Status of bad debt provisions*

☐ Applicable ✓ Not applicable

Of which significant amounts of bad debt provisions recovered or reversed during the current period:
☐ Applicable ✓ Not applicable

Other explanations:
Not applicable.

(5) *Actual write-offs of dividends receivable during the period*

☐ Applicable ✓ Not applicable

Significant write-offs of dividends receivable
☐ Applicable ✓ Not applicable

Explanations on write-off:
☐ Applicable ✓ Not applicable

Other explanations:
☐ Applicable ✓ Not applicable

Other receivables

(1) *Disclosure by ageing*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Ageing	**Closing book balance**	Opening book balance
Within 1 year (including 1 year)	**1,743,193,865.22**	1,756,462,145.93
1 to 2 years		3,651,624.32
2 to 3 years	**60,000.00**	1,060,000.00
Over 3 years	**60,472.00**	60,472.00
Subtotal	**1,743,314,337.22**	1,761,234,242.25
Less: Provision for bad debts	**122,573.71**	143,236.01
Total	**1,743,191,763.51**	1,761,091,006.24

(2) *Classification by nature of amounts*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Nature of amount	**Closing book balance**	Opening book balance
Related parties within the scope of consolidation	**1,740,862,863.08**	1,758,369,522.07
Deposits and security deposits	**600,177.48**	1,512,259.03
Other receivables portfolios	**1,851,296.66**	1,352,461.15
Total	**1,743,314,337.22**	1,761,234,242.25

(3) *Status of bad debt provisions*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit loss (non-credit impaired)	Stage 3 Lifetime expected credit losses (credit impaired)	Total
Balance as at 1 January 2026	143,236.01			143,236.01
Balance for the period as at 1 January 2026	143,236.01			143,236.01
— Transferred to Stage 2				
— Transferred to Stage 3				
— Reversed to Stage 2				
— Reversed to Stage 1				
Provision for the period	-20,662.30			-20,662.30
Reversed for the period				
Transferral for the period				
Write-off for the period				
Other changes				
Balance as at 30 June 2026	122,573.71			122,573.71

Basis of stage classification and percentage of provision for bad debts

Please refer to Section VIII “Financial Reports” of this report, under “V. Significant Accounting Policies and Accounting Estimates” paragraph “11. Financial Instruments”.

Explanations on significant changes in the book balance of other receivables for which loss provisions changed during the current period:

☐ Applicable ✓ Not applicable

Basis for the provisions for bad debts in the current period and the assessment of whether the credit risk of financial instruments has increased significantly:

☐ Applicable ✓ Not applicable

(4) *Status of bad debt provisions*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Amount of change during the current period				Closing balance
		Provision	Recovered or reversal	Charge-off or write-off	Other changes	
Provision based on ageing profile	143,236.01	20,662.30			—	122,573.71
Total	143,236.01	20,662.30			—	122,573.71

Of which significant amounts of bad debt provisions reversed or recovered during the current period:

☐ Applicable ✓ Not applicable

Other explanations

None.

(5) *Actual write-offs of other receivables during the period*

☐ Applicable ✓ Not applicable

Significant write-offs of other receivables:

☐ Applicable ✓ Not applicable

Explanations on write-off of other receivables:

☐ Applicable ✓ Not applicable

(6) *Other receivables with the top five closing balances collected as per the borrowers*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Name of the entity	Closing balance	Percentage of the closing balance total other receivables (%)	Nature of the amount	Ageing	Closing balance of provisions for bad debts
First	1,740,362,863.08	99.83	Receivables and payables	Within 1 year	
Second	500,000.00	0.03	Receivables and payables	Within 1 year	
Third	375,298.18	0.02	Deposits	Within 1 year	18,764.91
Fourth	68,907.30	0.00	Deposits	Within 1 year	3,445.37
Fifth	60,000.00	0.00	Deposits	2–3647.10	3,000.00
Total	1,741,367,068.56	99.89	/	/	25,210.28

(7) Presented in other receivables due to centralized cash management

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

3. Long-term Equity Investments

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provisions for impairment	Carrying amount	Book balance	Provisions for impairment	Carrying amount
Investment in subsidiaries	**1,047,439,496.85**		**1,047,439,496.85**	1,022,739,496.85		1,022,739,496.85
Investment in associates and joint ventures	**19,588,685.10**		**19,588,685.10**	21,529,291.97		21,529,291.97
Total	**1,067,028,181.95**		**1,067,028,181.95**	1,044,268,788.82		1,044,268,788.82

(1) Investment in subsidiaries

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Investee	Opening balance (carrying amount)	Opening balance of provisions for impairment	Increase or decrease for the period				Closing balance (carrying amount)	Closing balance of provisions for impairment
			Additional investments	Decrease in investment	Provision for impairment	Others		
Shanghai Yuefu Technology & Trading Co., Ltd	10,000,000.00						10,000,000.00	
Shanghai Tianyue Semiconductor Material Co., Ltd.	901,506,096.85						901,506,096.85	
SICC GLOBAL Co. LTD	54,233,400.00						54,233,400.00	
Shanghai Yuelianfeng Technology Co., Ltd.	7,000,000.00		24,700,000.00				31,700,000.00	
Jining Tianyue Semiconductor New Materials Co., Ltd.	50,000,000.00						50,000,000.00	
Total	1,022,739,496.85		24,700,000.00				1,047,439,496.85	

(2) *Investment in associates and joint ventures*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Investor	Opening balance (carrying amount)	Opening balance of provisions for impairment	Increase or decrease for the period								Closing balance (carrying amount)	Closing balance of provisions for impairment
			Additional investments	Decrease in investments	Investment gain or loss recognised under equity method	Adjustment of other comprehensive income	Other change in equity interest	Distribution of cash dividend or profit declared	Provision for impairment	Others		
I. Joint ventures												
Subtotal												
II. Associates												
Suzhou Dabo New Materials Technology Co., Ltd.	21,529,291.97				-1,940,606.87						19,588,685.10	
Subtotal	21,529,291.97				-1,940,606.87						19,588,685.10	
Total	21,529,291.97				51,940,606.87						19,588,685.10	

(3) *Impairment testing of long-term equity investments*

☐ Applicable ✓ Not applicable

Other explanations:

☐ Applicable ✓ Not applicable

4. Operating Income and Operating Costs

(1) *Operating income and operating costs*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the previous period	
	Revenue	**Costs**	Revenue	Costs
Principal businesses	**1,011,285,522.87**	**948,937,883.08**	632,028,773.70	610,636,287.06
Other businesses	**116,147,978.13**	**117,324,189.63**	178,014,211.95	177,613,029.00
Total	**1,127,433,501.00**	**1,066,262,072.71**	810,042,985.65	788,249,316.06

(2) *Breakdown of operating income and operating costs*

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Contract classification	Total	
	Operating income	**Operating Costs**
Product type		
Silicon carbide semiconductor materials	1,127,433,501.00	1,066,262,072.71
By sales channel		
Direct sales	1,127,433,501.00	1,066,262,072.71
Total	1,127,433,501.00	1,066,262,072.71

Other explanations

☐ Applicable ✓ Not applicable

(3) *Description of performance obligations*

☐ Applicable ✓ Not applicable

(4) *Descriptions of allocated remaining performance obligations*

☐ Applicable ✓ Not applicable

(5) *Significant changes in contracts or significant adjustments to transaction prices*

☐ Applicable ✓ Not applicable

Other explanations:

Not applicable.

5. Investment Income

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount for the current period	Amount for the previous period
Income from long-term equity investments under cost method	**0.00**	0.00
Income from long-term equity investments under the equity method	**-1,940,606.87**	-2,232,062.92
Investment income from disposal of long-term equity investments	**0.00**	15,155,851.39
Investment income from held-for-trading financial assets in the period of holding	**0.00**	0.00
Dividend income from holding other equity instrument investments in the period of holding	**0.00**	0.00
Interest income from debt investments in the period of holding	**0.00**	0.00
Interest income from other debt investments in the period of holding	**0.00**	0.00
Investment income on disposal of held-for-trading financial assets	**0.00**	0.00
Investment income on disposal of investment in other equity instruments	**0.00**	0.00
Investment income on disposal of debt investments	**0.00**	0.00
Investment income on disposal of other debt investments	**0.00**	0.00
Gain on debt restructuring	**0.00**	0.00
Total	**-1,940,606.87**	12,923,788.47

Other explanations:
None.

6. Others

☐ Applicable ✓ Not applicable

XX. SUPPLEMENTARY INFORMATION

1. Breakdown of Non-Recurring Profit or Loss for the Current Period

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Description
Gains or loss from disposal of non-current assets, including the offset part provided for asset impairment		
Government grants included in profit or loss for the current period, but excluding the government grants which are closely related to the company's normal business, in compliance with national policies and regulations, granted based on determined standards and have continuous impact on the profit or loss of the company	10,706,733.42	
Profit or loss on changes in fair value resulted from holding of the financial assets and financial liabilities, and profit or loss on disposal of financial assets and financial liabilities by non-financial enterprises, except the effective hedging business related to the company's normal business	22,648,000.06	
Fund possession cost received from non-financial enterprises and included in profit or loss for the current period		
Profit or loss from entrustment of investment or asset management		
Gains or losses on external entrusted loans		
Asset losses due to force majeure such as natural disaster		
Reversal of the impairment provision for receivables which are tested individually for impairment		
Gains arising from investment cost for acquisition of subsidiaries, associates and joint ventures less than the fair value of identifiable net assets of the invested entity at the time of acquisition		
Current net profit or loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger		
Profit or loss from exchange of non-monetary assets		
Profit or loss from debt restructuring		
One-off expenses arising from relevant discontinued operations of enterprises, such as expenses on employee placement		
One-off effect of adjustment to laws and regulations on taxation and accounting on current profit or loss		
Share-based payments one-off recognized due to cancellation or revision of share option incentive scheme		
Profit or loss from changes in fair value of employee benefits payable after the exercise date with respective to the cash settle share-based payment		
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Gains arising from transactions at unfair trading prices over their fair value		
Gain or loss on other contingencies which are not related to the company's normal operations		
Entrusted fee income from entrusted operations		
Other non-operating income and expense other than the items above	450,382.20	
Other profit or loss items falling within the meaning of non-recurring profit or loss		
Less: Effect of income tax	5,083,350.14	
Effect of minority interests (after tax)		
Total	28,721,765.54	

Reasons shall be given for items not listed in the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public — Non-recurring Profits or Losses but defined by the Company as non-recurring profit or loss and with significant amount, and for non-recurring profit or loss items listed in the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public — Non-recurring Profits or Losses but defined by the Company as recurring profit or loss.

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Item	Amount involved	Reasons
Government grants related to assets	19,552,697.64	Closely related to the Company's normal business, in compliance with national policies and regulations, granted based on determined standards and capable of having continuous impact on the profit or loss of the Company

Other explanations
☐ Applicable ✓ Not applicable

2. Return on Net Assets and Earnings Per Share

✓ Applicable ☐ Not applicable

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	-0.82	-0.12	-0.12
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	-1.22	-0.18	-0.18

3. Differences in Accounting Data under Domestic and Overseas Accounting Standards

☐ Applicable ✓ Not applicable

4. Others

☐ Applicable ✓ Not applicable

Legal Representative: Zong Yanmin
Date of approval and delivery
by the Board: 19 August 2026

Revised Information

☐ Applicable ✓ Not applicable