



CHAOZHOU THREE-CIRCLE (GROUP) CO., LTD.
潮州三环(集团)股份有限公司

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

Stock Code : 6951



2026
INTERIM REPORT

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Definitions

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

A Share(s)	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are listed on the ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
Articles of Association	the articles of association of the Company (as amended from time to time)
Audit Committee	the audit committee of the Board
Board or Board of Directors	the board of directors of the Company
China or PRC	the People's Republic of China
Company or our Company	Chaozhou Three-Circle (Group) Co., Ltd. (潮州三環(集團)股份有限公司), a joint stock company with limited liability incorporated in the PRC, the A Shares and H Shares of which are listed on the Shenzhen Stock Exchange (stock code: 300408) and The Stock Exchange of Hong Kong Limited (stock code: 6951), respectively
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	the director(s) of the Company
Global Offering	the Hong Kong Public Offering and the International Offering as described in the Prospectus
Group	the Company and its subsidiaries
H Share(s)	ordinary share(s) issued by the 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
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Listing Date	July 9, 2026, being the date on which the H Shares were first listed and traded on the Hong Kong Stock Exchange

Definitions

MLCC	multilayer ceramic chip capacitor(s)
Nomination Committee	the nomination committee of the Board
Prospectus	the prospectus of the Company dated June 30, 2026
Remuneration and Appraisal Committee	the remuneration and appraisal committee of the Board
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholders' Meeting	the shareholders' meeting of the Company
Sole Overall Coordinator	China Galaxy International Securities (Hong Kong) Co., Limited
Strategy Committee	the strategy committee of the Board
SZSE	the Shenzhen Stock Exchange
the Reporting Period	the six-month period from January 1, 2026 to June 30, 2026

Corporate Information

I. COMPANY PROFILE

Chinese Name	潮州三環(集團)股份有限公司
Abbreviated Chinese Name	三環集團
English Name	Chaozhou Three-Circle (Group) Co., Ltd.
Abbreviated English Name	CCTC
Legal Representative	Mr. Ma Yanhong
Registered Address	Comprehensive Building, Sanhuan Industrial District, Fengtang, Chaozhou, Guangdong Province, the PRC
Postal Code of Registered Address	515646
Website	www.cctc.cc
Email	dsh@cctc.cc
Principal Place of Business in Hong Kong	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, the PRC

II. STOCK INFORMATION OF THE COMPANY

Stock Type	Stock Exchange of Listing	Stock Abbreviation	Stock Code
A Share	SZSE	三環集團	300408
H Share	The Hong Kong Stock Exchange	CCTC	6951

III. MEDIA FOR INFORMATION DISCLOSURE

Stock Type	Media for Information Disclosure
A Share	Websites: SZSE (www.szse.cn), CNINFO (www.cninfo.com.cn) Newspapers: Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily
H Share	Websites: HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk), Company's website (www.cctc.cc)

Corporate Information

IV. OTHER RELATED INFORMATION

Executive Directors	Mr. Li Gang Mr. Ma Yanhong Mr. Qiu Jihua
Non-Executive Directors	Mr. Zhang Wanzhen Mr. Chen Guixu (<i>Employee representative Director</i>) (Appointed on August 5, 2026)
Independent Non-Executive Directors	Mr. Jiang Lijun Mr. Su Yanqi Ms. Wong Sze Wing (<i>Appointed on April 20, 2026, and with effect from the Listing Date</i>) Mr. Wen Xueli (<i>Resigned on July 9, 2026</i>)
Strategy Committee	Mr. Li Gang (<i>Chairman</i>) Mr. Zhang Wanzhen Mr. Jiang Lijun
Nomination Committee	Mr. Jiang Lijun (<i>Chairman</i>) Mr. Zhang Wanzhen Ms. Wong Sze Wing (<i>Appointed on April 20, 2026, and with effect from the Listing Date</i>) Mr. Wen Xueli (<i>Resigned on July 9, 2026</i>)
Remuneration and Appraisal Committee	Ms. Wong Sze Wing (<i>Chairlady</i>) (<i>Appointed on April 20, 2026, and with effect from the Listing Date</i>) Mr. Zhang Wanzhen Mr. Su Yanqi Mr. Wen Xueli (<i>Chairman</i>) (<i>Resigned on July 9, 2026</i>)
Audit Committee	Mr. Su Yanqi (<i>Chairman</i>) Mr. Zhang Wanzhen (<i>Appointed on December 5, 2025, and with effect from the Listing Date</i>) Ms. Wong Sze Wing (<i>Appointed on April 20, 2026, and with effect from the Listing Date</i>) Mr. Li Gang (<i>Resigned on July 9, 2026</i>) Mr. Wen Xueli (<i>Resigned on July 9, 2026</i>)

Corporate Information

Joint Company Secretaries	Ms. Guo Hong Mr. WONG Chun Wing Samuel
Authorized Representatives	Mr. Li Gang Ms. Guo Hong
Legal Advisor as to Laws of Hong Kong, China	JunHe LLP 7/F, AIA Central 1 Connaught Road Central Hong Kong
Legal Adviser as to PRC Mainland Laws	JunHe LLP 26/F HKRI Centre One, HKRI Taikoo Hui 288 Shimen Road (No. 1) Shanghai PRC
Auditor	ShineWing Certified Public Accountants LLP* 8/F, Block A, Fuhua Mansion No.8 Chaoyangmen Beidajie, Dongcheng District Beijing PRC
Compliance Advisor	Somerley Capital Limited 20/F, China Building 29 Queen's Road Central Hong Kong
Custodian of A Shares	China Securities Depository and Clearing Corporation Limited Shenzhen Branch 25/F, Shenzhen Stock Exchange Building 2012 Shennan Blvd Lianhua Street, Futian District Shenzhen PRC
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

* English name is for identification purpose only

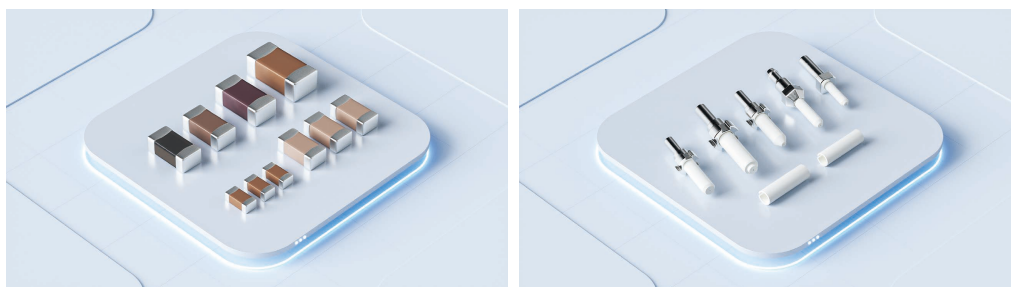
Management Discussion and Analysis

I. BUSINESS REVIEW

(I) Principal Operating Results of the Company During the Reporting Period

The Company is principally engaged in the research and development ("R&D"), production and sales of electronic components and their foundational materials. The Company's products mainly include electronic and ceramic materials, electronic components and telecom components, which are mainly applied in fields such as telecom, data centers, consumer electronics, automotive electronics, semiconductor manufacturing and packaging, new energy and intelligent industrial control. The principal operating results during the Reporting Period are as follows:

In the first half of 2026, the new round of technological revolution centered on artificial intelligence continued to deepen and penetrate, comprehensively reshaping the industrial development landscape and bringing clear structural development opportunities to high-end manufacturing enterprises. Meanwhile, the global macroeconomic environment faced multiple challenges, continuously affecting the stable operation and structural reconstruction of global industrial chains. Facing an external environment featuring both opportunities and challenges, the Company has always maintained its strategic focus, adhered to a market and customer demand-oriented approach, and continuously strengthened its vertical integration capabilities and intelligent manufacturing standards. Relying on its long-term technical accumulation in the field of electronic components and their foundational materials, the Company coordinated the healthy development of each business segment, building a business layout that balances stability and growth.



Management Discussion and Analysis

During the Reporting Period, benefiting from the growth in demand in the electronic component and optical communication industries, the demand for the Company's core products continued to increase. In particular, the Company's MLCCs benefited from increased customer recognition and stronger industry sentiment, and prices of selected specifications restored to their original reasonable values, driving a significant year-on-year increase in sales volume and sales amount.

At the same time, due to the accelerated construction of global data centers, the market demand for optical devices has continued to increase, and the sales of the Company's related optical communication products, such as ferrules and sleeves, have increased year-on-year. During the Reporting Period, the Company recorded revenue of RMB6,423,331,756.20, representing a year-on-year increase of 54.82%; operating profit of RMB2,226,772,196.63, representing a year-on-year increase of 56.05%; and net profit attributable to owners of the parent company of RMB1,932,118,240.71, representing a year-on-year increase of 56.18%.



During the Reporting Period, the Company submitted an application to the Hong Kong Stock Exchange for the issuance of overseas listed shares and listing on the Main Board of the Hong Kong Stock Exchange and succeeded in listing on the Main Board of the Hong Kong Stock Exchange on July 9, 2026. The Company issued a total of 80,221,200 H Shares (after partial exercise of the Over-allotment Option). The proceeds from this issuance will be invested in new constructions and expansions overseas and automation construction, technology iteration and materials innovation, as well as working capital replenishment. Going forward, the Company will leverage its A+H international capital platform to further drive market expansion, technological R&D, and production capacity deployment, thereby comprehensively enhancing its technological capabilities and global service capabilities.

Management Discussion and Analysis

II. FINANCIAL REVIEW

(I) Year-on-year Changes in Key Financial Data

Currency unit: RMB

Item	Six months ended June 30, 2026 (Unaudited)	Six months ended June 30, 2025 (Unaudited)	Percentage Change (%)
Revenue	6,423,331,756.20	4,148,795,081.35	54.82
Cost of sales	3,576,532,877.46	2,407,379,759.27	48.57
Selling expenses	44,809,875.71	41,985,575.31	6.73
Administrative expenses	254,930,420.36	191,458,983.00	33.15
Finance costs	-41,912,354.22	-63,193,280.19	33.68
Income tax expense	291,950,358.10	190,033,514.37	53.63
Research and development expenses	340,265,460.29	292,636,423.61	16.28
Net cash flows generated from operating activities	1,297,319,594.91	1,127,709,424.84	15.04
Net cash flows generated from investing activities	319,976,876.71	1,372,511,442.52	-76.69
Net cash flows generated from financing activities	-760,149,536.32	-873,106,919.71	12.94
Net increase in cash and cash equivalents	795,083,295.58	1,640,803,632.62	-51.54

Reasons for changes:

1. Explanation of changes in revenue: the revenue of the Company increased by 54.82% year-on-year, mainly due to the sustained enhancement of customer recognition of the Company's MLCCs and the growth in demand from industries such as optical communications during the Reporting Period, resulting in a significant year-on-year increase in the Company's revenue.
2. Explanation of changes in cost of sales: the Company's cost of sales increased by 48.57% year-on-year, mainly due to the growth in revenue.
3. Explanation of changes in administrative expenses: the administrative expenses of the Company increased by 33.15% year-on-year, mainly due to the growth in revenue.

Management Discussion and Analysis

4. Explanation of changes in finance costs: the finance costs of the Company increased by 33.68% year-on-year, mainly due to the increase in exchange losses from exchange rate fluctuations during the Reporting Period.
5. Explanation of changes in income tax expense: the Company's income tax expense increased by 53.63% year-on-year, mainly due to the increase in operating profits of the Company during the Reporting Period, resulting in the corresponding increase in income tax expense.
6. Explanation of changes in net cash flows generated from investing activities: the net cash flows generated from investing activities of the Company decreased by 76.69% year-on-year, mainly due to the decrease in cash received from the recovery of investments of the Company during the Reporting Period.
7. Explanation of changes in net increase in cash and cash equivalents: the net increase in cash and cash equivalents of the Company decreased by 51.54% year-on-year, mainly due to the decrease in net cash flows generated from investing activities of the Company during the Reporting Period.

(II) Details of Products Accounting for More Than 10%

Currency unit: RMB

Category	Revenue	Cost of sales	Gross profit margin	YoY change in revenue	YoY change in cost of sales	YoY change in gross profit margin
Electronic, telecom components and materials	6,080,743,358.96	3,391,423,484.49	44.23%	54.97%	48.27%	2.52%

(III) Capital Structure

Currency unit: RMB

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Current assets	14,709,422,198.05	13,081,522,622.72
Total assets	28,438,081,050.79	26,506,087,917.56
Current liabilities	4,425,156,999.90	3,480,489,780.62
Of which: Short-term borrowings	739,864,054.00	539,417,815.81
Bills payable	1,487,995,694.56	1,119,188,640.58
Trade payables	1,264,234,585.74	808,796,635.42
Total liabilities	5,789,505,116.97	4,843,045,485.10

Management Discussion and Analysis

Based on the Group's total liabilities and total assets, the Group's gearing ratio was 20.36% (December 31, 2025: 18.27%).

The Group's current liabilities primarily comprise short-term borrowings, bills payable and trade payables, the details of which are specifically set out in the Notes to the Condensed Consolidated Interim Financial Information under the Financial Report section of this report. All of the Company's borrowings are denominated in Renminbi and are fixed-rate borrowings. As at June 30, 2026, the Group had no long-term borrowings secured by any assets.

(IV) Financial Resources and Liquidity

The Group is committed to establishing a scientific, standardized and efficient management system for liquidity and financial resources, continuously optimizing its centralized fund management mechanism, implementing unified financial policies and risk standards internally, and conducting unified fund scheduling and control, so as to ensure the safety and liquidity of the Group's funds, balance the efficiency of fund utilization with financial stability, and support the Group's strategic development and sustainable operations.

The Group primarily funds its operating activities through a combination of cash generated from operating activities and bank deposits. As at June 30, 2026, the Group had cash and cash equivalents of RMB3,080,479,740.06 (December 31, 2025: RMB2,285,396,444.48).

The Directors are of the view that the Group has sufficient working capital to meet the needs of the Group's normal operating activities.

(V) Exchange Rate Fluctuation Risk and Any Related Hedging

The majority of the Group's revenue and expenses are settled in Renminbi. During the Reporting Period, the Group did not experience any material difficulties in or impacts on its operations or liquidity as a result of fluctuations in currency exchange rates. As of June 30, 2026, the Company had not used any exchange rate risk hedging instruments.

The Directors are of the view that the Group will have sufficient foreign currency to meet its foreign exchange needs and will adopt practical and effective methods to mitigate exchange rate fluctuation risks when necessary.

(VI) Significant Investments Held

As at June 30, 2026, the Company had no significant investments which represented investments in an investee company accounting for 5% or more of the Group's total assets.

Management Discussion and Analysis

(VII) Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

(VIII) Contingent Liabilities

As at June 30, 2026, the Group had no significant contingent liabilities.

III. CORE COMPETITIVENESS

1. Technological Advantages

The Company has over 55 years of R&D experience in the field of electronic ceramic components. It has mastered the forming and sintering technologies for various types of ceramics, as well as the design and fabrication technologies for various precision molds, which can satisfy the production and application needs of miniature and precision optoelectronic components, electronic functional parts, and new functional materials required by various industries. The Company has achieved large-scale mass production of its major products and possesses strong market competitiveness.

2. R&D Advantages

During the Reporting Period, the Company has consistently taken technological innovation as its driving force, continuously increased investment in technological R&D, recruited high-end technical talent, and persistently advanced innovative R&D projects. The Company has established research institutes in multiple locations and has actively improved its R&D system centered on the research institutes and integrated with the technical departments of each business division. Equipped with advanced testing and analytical instruments and experimental equipment, the research institutes focused on the research and innovation of new products, molds, and fixtures, forming a cyclic mechanism of new technology research — achievement transformation — further innovation. The Company has a strong R&D team, which provides sufficient support for the Company's new product R&D, process upgrading, technology reserves, and talent cultivation.

Management Discussion and Analysis

3. Management Advantages

During the Reporting Period, the Company has further improved its governance structure and refined its internal control systems, practiced the development philosophy of "a self-correcting management mechanism" and "cohesive corporate culture", and promoted the implementation of a management mechanism that "regulates the Company through systems, manages personnel through mechanisms, and unites employees through culture". In accordance with its strategic development plan, the Company has formulated and improved various management systems, deepening the humanistic connotation in aspects such as talent cultivation, professional ethics, cost-effectiveness, regulatory compliance, resource sharing, quality first, customer service, and team spirit, ensuring that the Company, while achieving rapid growth, is safeguarded by a comprehensive operational management mechanism and an excellent corporate culture. In line with the development of information technology and changes in business needs, the Company continuously improves its online office system, promotes information-based and digital office operations, enhances the coordination and standardization of business among relevant departments, and increases office efficiency.

4. Human Resources Advantages

Adhering to the talent strategy of "recruiting talents extensively, employing genuine talents, cultivating and nurturing talents, maintaining technological leadership, offering competitive remuneration, fostering cultural identity, and embracing diversity", the Company continuously recruits, cultivates, and reserves high-quality scientific research and technical talent to enhance the Company's innovation capabilities. The Company has a comprehensive internal training system in place and actively drives mindset transformation and competency enhancement of its talent team through various methods such as project-based training, external technical collaboration, and academic exchanges, further cultivating, training, and nurturing innovative and practical scientific and technological talent. Meanwhile, the Company has established a sound employee promotion channel, encouraging employees to participate in various excellence evaluation activities organized by the Company. Through a series of incentive mechanisms, the Company fully affirms and recognizes employees' work performance, building a platform for all employees to realize their self-worth and showcase their aspirations.

During the Reporting Period, the Company further deepened the reform of its talent incentive mechanism, forming a more professional and younger management team, thereby providing strong human resources support for the sustained and healthy development of the Company's business.

Management Discussion and Analysis

IV. RISKS FACED BY THE COMPANY AND COUNTERMEASURES

1. Technological R&D Risks

The relevant industries in which the Company operates are technology-intensive industries. With the continuous emergence of new materials and new processes, and the increasingly rapid pace of downstream product upgrades and replacements, the Company is urged to continuously enhance its independent R&D and innovation capabilities to respond promptly to changes in market demand. If the Company fails to keep pace with the emergence of new technologies and new applications in terms of technological R&D in the future, the competitive advantages of the Company's products may be weakened, thereby affecting the Company's performance growth. In addition, the R&D strategies for new technologies, new processes and new products require prudent selection based on market trends and customer needs. If there is any deviation in the Company's R&D direction that fails to meet the needs of downstream customers, the Company's operations will be adversely affected.

In response to the above risks, the Company regards technological innovation as a core requirement for its development, and continuously increases R&D investment. Furthermore, the Company has established professional R&D teams, guided by national policies and the needs of industry customers, to gain an in-depth understanding of the development directions laid out in national planning, clarify its R&D direction, and promptly adjust its innovation strategy. At the same time, the Company conducts in-depth development of products that have already achieved industrialization to maintain its technological advantages.

2. Risk of Relatively Large Amount of Trade Receivables

As at the end of the Reporting Period, the carrying amount of the Company's trade receivables was RMB3.028 billion. The relatively large amount of trade receivables was primarily due to the different settlement methods adopted by the Company for different customers, whereby certain credit terms are granted to customers with better credit records. With the continuous expansion of the Company's business scale in the future, trade receivables may further increase. Any adverse change in customers' payment ability may result in failure to fully recover outstanding trade receivables and thus cause certain losses to the Company.

Management Discussion and Analysis

In response to the above risks, the Company continuously improves its trade receivables management mechanism, implements a credit term management system, strengthens the collection of trade receivables, and incorporates this into the performance assessment indicators of relevant personnel. Through measures such as pre-approval, in-process control, and post-collection, the Company ensures real-time tracking of each trade receivable, thereby gradually reducing the risk of bad debts.

3. Risk Arising from Management Capability Failing to Meet the Company's Development Needs

As the Company's business scale gradually expands, its workforce will increase accordingly, and its organizational structure and management system will become increasingly complex, which imposes higher requirements and challenges on the Company's management capabilities in many aspects, including mechanism establishment, organizational design, operational management, and internal control. If the Company's management capability fails to keep pace with the rapid scale expansion of the Company, and if the Company fails to further improve and optimize its talent cultivation, organizational models and management structures, the Company's market competitiveness will be weakened, thereby affecting the Company's operating efficiency and future development potential.

In response to the above risks, the Company will, in accordance with its operating principles, strategic planning and future development trends, continuously improve its management system, enhance its management capabilities, and establish a standardized corporate governance structure and operational management system by learning from advanced management experience. Through continuous innovation of its management mechanisms, and persistent improvement of employee competency, the Company will form a unique and suitable operating management model for the Company to address the management risks arising from the Company's expansion.

4. Risk of Further Intensified Industry Competition

The passive components industry is undergoing industrial transfer, with substantial potential for import substitution and a continuous influx of domestic market participants, leading to increasingly fierce competition. Given the broad development prospects of the industry and the further opening of the domestic capital market, only enterprises with strong competitiveness and core technological advantages can quickly capture the market. If the Company fails to keep up with technological development trends, promptly adjust its development strategy, and enhance its core competitiveness, it may fail to secure a favorable position in the fierce market competition in the future.

Management Discussion and Analysis

In response to the above risks, the Company will adopt more proactive operational management measures, increase R&D investment, closely track industry development trends and cutting-edge innovative technologies, and pay close attention to integration opportunities brought by industry competition, to maintain and strengthen the Company's core competitive advantages in product cost-effectiveness, customer loyalty and technology, and promote the Company's sustained and healthy development.

V. OUTLOOK ON THE COMPANY'S FUTURE DEVELOPMENT

1. Development Strategy

(1) Near-term Development Strategy

Through the continuous implementation of large-scale technological innovation and scale expansion, the Company will grow, strengthen and optimize its existing principal business products, further enhance product competitiveness and consolidate and elevate its market position in competition with domestic and international peers.

The Company will vigorously develop R&D and production of electronic and ceramic materials, electronic components and telecom components, optimize its technological roadmap, improve product quality, and further increase its market share.

(2) Medium-to Long-term Development Strategy

The Company will upgrade its industrial structure, develop and commence mass production of a batch of advanced ceramic materials and products associated with emerging strategic industries such as low-carbon industries, energy-saving industries and green and environmental protection industries, and make them the Company's pillar products, so as to promote the sustainable and high-quality development of the Company.

The Company will develop new functional ceramic materials and electronic paste products, expand into the new energy sector, develop new end-use application products supported by core technologies, and build an internationally influential "Advanced Materials Expert" technology brand.

Management Discussion and Analysis

2. Business Plan for 2026

Based on its forecasts of the markets and industries in which its products are positioned, and taking into account its own development circumstances, the Company has formulated its business plan for 2026, the details of which are as follows:

- (1) Comprehensively improve the materials, processes and other aspects related to MLCCs, comprehensively enhance product quality and performance, continue to make breakthroughs in and commence mass production of ultra-high-capacitance large-size products, and deepen cooperation with customers in application areas such as servers and automotive electronics. Meanwhile, the Company will expand its top customer base and distributors to further enhance its industry position.
- (2) Accelerate the scaled sales of pan-semiconductor ceramic components, bioceramics and other products, and cultivate more long-term product lines.
- (3) For existing products, continue to conduct research and development of new specifications and explore new applications, improve product processing technologies, while enhancing internal management, increasing yield rates and product precision, raising the level of automation, and controlling production costs, so as to consolidate the Company's industry position and further increase its market share.
- (4) Keep pace with the development of the AI era and leverage AI large model technologies to further advance the Company's materials technology.
- (5) Accelerate the expansion of overseas subsidiaries, leverage their geographical advantages to further develop overseas markets, and attract and recruit high-quality overseas talent.
- (6) Accelerate the establishment of research institutes in various locations, leverage local technological and market resources advantages to research new products suitable for the Company's development, attract outstanding talent, improve R&D management, accelerate the implementation of R&D projects, and enhance the Company's intellectual property and technology security management to safeguard the Company's core competitiveness.

Management Discussion and Analysis

- (7) Continue to recruit outstanding professional talent, continuously optimize the Company's talent structure, and enable talented individuals to fully leverage their strengths and create personal value on the Company's platform.
- (8) Vigorously advance the Company's informatization development, build an internal resource-sharing platform, and facilitate the implementation of more innovative achievements.
- (9) Continue to improve the Company's corporate culture development, consistently promote the Company's values and spiritual culture, and encourage all employees to contribute to the Company's high-quality development.

The above business plan does not constitute a performance commitment by the Company to investors.

Save as disclosed in the Prospectus and above, as at the date of this report, the Company has no other material future plans relating to significant investments and capital assets.

VI. USE OF PROCEEDS

1. Use of Proceeds from the H Share Listing

The 71,364,300 H Shares issued by the Company (before the exercise of the over-allotment option) were successfully listed on the Main Board of the Hong Kong Stock Exchange on the Listing Date. In addition, the over-allotment option set out in the Prospectus was partially exercised by the sole overall coordinator (for itself and on behalf of the international underwriters) on August 5, 2026 in respect of a total of 8,856,900 H Shares, which were listed and traded on the Main Board of the Hong Kong Stock Exchange on August 10, 2026. After deducting underwriting commissions, listing expenses and other fees, the net proceeds from the global offering amounted to approximately HK\$7,925.3 million, which will be used in accordance with the purposes set out in the Prospectus.

As the H Shares had not yet been listed on the Hong Kong Stock Exchange during the Reporting Period, there were no details of the use of proceeds from the global offering during the Reporting Period. As at the date of this report, there has been no change in the intended use of net proceeds disclosed in the "Future Plans and Use of Proceeds" section of the Prospectus.

Management Discussion and Analysis

2. Use of Proceeds from the Issuance of A Shares to Specific Targets in 2021

As approved by the "Reply on Approving the Registration of the Issuance of Shares to Specific Targets by Chaozhou Three-Circle (Group) Co., Ltd." (Zheng Jian Xu Ke [2021] No. 3291) of the China Securities Regulatory Commission, the Company issued 99,591,419 A Shares to specific targets. After deducting issuance expenses, the net proceeds amounted to RMB3,879,811,674.40, which were deposited into the Company's special account for raised funds on November 25, 2021.

During the Reporting Period, the Company utilized the proceeds in accordance with the "Prospectus for the Issuance of Shares to Specific Targets by Chaozhou Three-Circle (Group) Co., Ltd." and relevant amendment announcements. As of June 30, 2026, the details of the use of proceeds are as follows:

Currency unit: RMB

Project Name	Net proceeds	Amount unutilized as of the beginning of the Reporting Period	Amount utilized during the Reporting Period	Cumulative amount utilized as of the end of the Reporting Period	Amount unutilized as of the end of the Reporting Period	Expected timeline for full utilization
Expansion project for high-capacitance MLCCs	3,729,811,674.40	2,428,658,416.48	560,338,978.95	1,861,492,236.87	1,868,319,437.53	May 31, 2027 or before
Construction project of Shenzhen Sanhuan R&D base	150,000,000.00	N/A	—	145,674,382.47	N/A	N/A

On July 22, 2024, the Company convened the sixth meeting of the 11th session of the Board of Directors and the fifth meeting of the 11th session of the Board of Supervisors, at which the "Proposal on the Settlement of Partial Projects Invested by Proceeds and Permanent Replenishment of Working Capital from the Remaining Proceeds" was considered and approved, pursuant to which the "Construction project of Shenzhen Sanhuan R&D base" was settled and the remaining proceeds were permanently used to replenish working capital.

For details of the utilization of the proceeds, please refer to the "Overseas Regulatory Announcement — Special Report on the Deposit, Management and Use of Proceeds Raised for the First Half of 2026" of the Company dated August 27, 2026.

VII. INTERIM DIVIDEND

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

Corporate Governance and Other Information

I. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As the H Shares had not yet been listed on the Hong Kong Stock Exchange during the Reporting Period, the Corporate Governance Code (the **"CG Code"**) as set out in Appendix C1 to the Hong Kong Listing Rules was not applicable to the Company during the Reporting Period, but has been applicable to the Company since the Listing Date.

The Company has adopted the CG Code as its own corporate governance code. From the Listing Date up to the date of this report, the Company has complied with all applicable code provisions of the CG Code.

II. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the H Shares had not yet been listed on the Hong Kong Stock Exchange during the Reporting Period, the Model Code for Securities Transactions by Directors of Listed Issuers (the **"Model Code"**) as set out in Appendix C3 to the Hong Kong Listing Rules was not applicable to the Company during the Reporting Period, but has been applicable to the Company since the Listing Date.

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made with the Directors, and all Directors have confirmed that they have complied with the Model Code from the Listing Date up to the date of this report.

III. MATERIAL CHANGES IN DIRECTORS' INFORMATION

Mr. Wen Xueli resigned as an independent non-executive Director due to work adjustment reasons, with effect from the Listing Date. Ms. Wong Sze Wing was appointed as an independent non-executive Director to replace Mr. Wen Xueli, with effect from the Listing Date. For details, please refer to the Prospectus.

Mr. Chen Guixu was elected by the employee representative congress of the Company held on August 5, 2026, and was appointed as an employee representative Director of the 12th session of the Board of Directors, with a term of office of three years commencing from August 5, 2026.

Save as disclosed above, as of the date of this report, there were no other changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Corporate Governance and Other Information

IV. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OF THE COMPANY

As at June 30, 2026, so far as the Directors were aware, the following persons and entities (other than the Directors and the chief executive of the Company) had an interest or short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company under Section 336 of the SFO:

Name of Shareholder	Nature of interest ⁽²⁾	Number and description of shares or underlying shares involved	Approximate percentage of the relevant class of shares
Chaozhou Tririver Investment Co., Ltd.	Beneficial owner	645,357,856 A Shares	33.67%
("Tririver Investment") ⁽¹⁾	Interest in a controlled corporation	5,133,800 A Shares	0.27%

Notes:

(1) By virtue of Part XV of the SFO, since Tririver Investment controls one-third or more of the voting power at the Shareholders' Meeting of the Company, it is deemed to be interested in 5,133,800 A Shares repurchased by the Company as treasury shares as of the end of the Reporting Period.

(2) All interests stated above represent long positions.

Save as disclosed above, as at June 30, 2026, the Directors were not aware of any person or entity (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company under Section 336 of the SFO.

Corporate Governance and Other Information

V. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at June 30, 2026, the interests and/or short positions (as applicable) of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded in the register kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Shares of the Company

Name of Director or chief executive	Nature of interest ⁽⁴⁾	Number and description of shares or underlying shares involved	Approximate percentage of the relevant class of shares
Mr. Zhang Wanzhen ⁽¹⁾	Beneficial owner	53,592,000 A Shares	2.80%
	Interest in a controlled corporation	650,491,656 A Shares	33.94%
Mr. Li Gang	Beneficial owner	213,500 A Shares	0.01%
Mr. Ma Yanhong ⁽²⁾	Beneficial owner	113,500 A Shares	0.01%
	Interest of spouse	75,000 A Shares	0.004%
Mr. Qiu Jihua ⁽³⁾	Beneficial owner	176,000 A Shares	0.01%
	Interest of spouse	2,000 A Shares	0.0001%

Notes:

- (1) As at June 30, 2026, Tririver Investment was held as to 59.21% by Mr. Zhang Wanzhen as its controlling shareholder. By virtue of the SFO, Mr. Zhang Wanzhen is deemed to be interested in the shares held by Tririver Investment. In addition, by virtue of Part XV of the SFO, since Mr. Zhang Wanzhen controls one-third or more of the voting power at the Shareholders' Meeting of the Company, he is also deemed to be interested in 5,133,800 A Shares repurchased by the Company as treasury shares as of the end of the Reporting Period.

Corporate Governance and Other Information

- (2) Mr. Ma Yanhong and Ms. Liu Jing (劉晶) are spouses, and hence Mr. Ma Yanhong is deemed to be interested in the interest of Ms. Liu Jing under the SFO.
- (3) Mr. Qiu Jihua and Ms. Chen Lihong (陳麗紅) are spouses, and hence Mr. Qiu Jihua is deemed to be interested in the interest of Ms. Chen Lihong under the SFO.
- (4) All interests stated above represent long positions.

Save as disclosed above, so far as the Directors were aware, as at June 30, 2026, none of the Directors or chief executive of the Company had any interests and/or short positions (as applicable), either directly or indirectly, in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they were taken or deemed to have under such provisions of the SFO); or (ii) to be recorded in the register kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

VI. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On April 10, 2025, the Company convened the 10th meeting of the 11th session of the Board of Directors, at which the "Proposal on the Plan for Repurchasing Shares of the Company" was considered and approved, authorizing the Company to utilize not less than RMB150 million and not more than RMB200 million of internal or self-raised funds to repurchase part of the Company's A Shares through centralized bidding for future use under share incentive schemes or employee stock ownership plans at appropriate times.

As of April 10, 2026, the implementation of this share repurchase plan was completed. The Company has cumulatively repurchased 5,133,800 A Shares through the dedicated securities account for repurchases via centralized bidding. The highest transaction price was RMB35.70 per share, and the lowest transaction price was RMB32.05 per share, with a total transaction amount of RMB175,423,107.80 (excluding transaction fees). This repurchase was carried out in compliance with the Company's share repurchase plan and relevant laws and regulations.

As of June 30, 2026, 5,133,800 A Shares were held by the Company as treasury shares, which did not carry any shareholders' rights, including but not limited to voting rights at the shareholders' meeting and rights to receive dividends.

Corporate Governance and Other Information

Save as disclosed above, the Group has not purchased, redeemed or sold any of the Company's listed securities (including treasury shares) during the Reporting Period.

VII. EMPLOYEES, REMUNERATION POLICY AND TRAINING PROGRAMS

As at June 30, 2026, the Group had 22,664 employees, representing an increase of 5,312 employees as compared with the end of 2025.

The Company values its employees and is committed to providing competitive remuneration and benefits. The remuneration system comprises basic salary, performance incentives and bonuses. During the Reporting Period, there was no material change to the Company's remuneration policy.

In terms of employee training, the Company has a comprehensive internal training system in place and actively drives mindset transformation and competency enhancement of its talent team through various methods such as project-based training, external technical collaboration, and academic exchanges.

VIII. AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

As at the date of this report, the Audit Committee comprises two independent non-executive Directors, namely Mr. Su Yanqi (Chairman) and Ms. Wong Sze Wing, and one non-executive Director, namely Mr. Zhang Wanzhen.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed financial reporting matters, including the review of the interim report and unaudited interim results of the Group for the six months ended June 30, 2026, and discussed internal audit and control and risk management matters with the internal audit department, without any objection.

IX. MATERIAL EVENTS AFTER THE REPORTING PERIOD

1. Issuance of H Shares and Listing on the Hong Kong Stock Exchange

Upon approval by the Hong Kong Stock Exchange, 71,364,300 H Shares issued by the Company (before the exercise of the over-allotment option) were listed and traded on the Main Board of the Hong Kong Stock Exchange on the Listing Date.

Corporate Governance and Other Information

The sole overall coordinator (for itself and on behalf of the international underwriters) partially exercised the over-allotment option set out in the Prospectus on August 5, 2026 in respect of a total of 8,856,900 H Shares (the **"Over-allotment Shares"**), representing approximately 12.41% of the total number of Offer Shares available for subscription under the Global Offering (before the exercise of any over-allotment option). Such Over-allotment Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on August 10, 2026.

2. Amendment to the Articles of Association

On July 15, 2026, the Company convened the 21st meeting of the 11th session of the Board of Directors, at which the "Proposal on Amendments to the Articles of Association" was considered and approved. The number of members of the Board of Directors was adjusted to 8 Directors, including 4 non-independent Directors, 3 independent Directors and 1 employee representative Director. The proposal has been considered and approved at the Company's first extraordinary general meeting for 2026 held on August 5, 2026.

On August 27, 2026, the Company convened the second meeting of the 12th session of the Board of Directors, at which the "Proposal on Amendments to the Articles of Association and the Appendix thereto" was considered and approved. In view of the change in the Company's total share capital from 1,916,497,371 shares to 1,996,718,571 shares and the change in registered capital from RMB1,916,497,371 to RMB1,996,718,571, the Company intends to amend the relevant provisions of the Articles of Association. The resolution was considered and approved by the Company at the second extraordinary general meeting for 2026 held on September 21, 2026.

3. Repurchase of the Company's A Shares

- a. On July 20, 2026, the Company convened the 22nd meeting of the 11th session of the Board of Directors, at which the "Proposal on the Plan for Repurchasing Shares of the Company" was considered and approved. It was proposed to utilize not less than RMB450 million and not more than RMB900 million of internal or self-raised funds to repurchase part of the Company's A Shares through centralized bidding, for the purposes of equity incentive plans or employee stock ownership plans, as well as safeguarding the Company's value and shareholders' rights and interests.

As of July 30, 2026, the implementation of this share repurchase plan was completed. The Company has cumulatively repurchased 8,547,300 A Shares through the dedicated securities account for repurchases via centralized bidding. The highest transaction price was RMB110.50 per share, and the lowest transaction price was RMB99.10 per share, with a total transaction amount of RMB894,661,561.03 (excluding transaction fees).

Corporate Governance and Other Information

- b. On July 30, 2026, the Company convened the 23rd meeting of the 11th session of the Board of Directors, at which the "Proposal on the Plan for Repurchasing Shares of the Company" was considered and approved. It was proposed to utilize not less than RMB500 million and not more than RMB1 billion of internal or self-raised funds to repurchase part of the Company's A Shares through centralized bidding, for the purposes of equity incentive plans or employee stock ownership plans, as well as safeguarding the Company's value and shareholders' rights and interests. As of the date of this report, such repurchase is in progress.

4. Uniform Accounting Standards

On July 20, 2026, the Company convened the 22nd meeting of the 11th session of the Board of Directors, at which the "Proposal on the Uniform Adoption of the China Accounting Standards for Business Enterprises for the Preparation of Financial Reports" was considered and approved. The Company uniformly adopted the China Accounting Standards for Business Enterprises to prepare its financial statements and disclose relevant financial information, beginning with the 2026 interim financial report.

5. Re-election of the Board of Directors

Given that the term of the 11th session of the Board of Directors has expired, the Company has conducted the re-election of the Board of Directors in accordance with the relevant provisions of laws and regulations and the Articles of Association. Upon the consideration and approval at the first extraordinary general meeting for 2026 and the employee representative congress held on August 5, 2026, the composition of the 12th session of the Board of Directors is as follows:

- (i) Executive Directors: Mr. Li Gang, Mr. Ma Yanhong and Mr. Qiu Jihua;
- (ii) Non-executive Directors: Mr. Zhang Wanzhen and Mr. Chen Guixu (employee representative Director);
- (iii) Independent non-executive Directors: Mr. Jiang Lijun, Mr. Su Yanqi and Ms. Wong Sze Wing.

6. Election of the Chairman and Vice Chairman of the Board of Directors and Appointment of Senior Management

On August 5, 2026, the Company convened the first meeting of the 12th session of the Board of Directors. Upon the consideration and approval by the Board:

- (1) Mr. Li Gang was elected as the chairman of the 12th session of the Board of Directors and Mr. Ma Yanhong was elected as the vice chairman of the 12th session of the Board of Directors, with their terms commencing from the date of approval of the Board resolution until the expiry of the 12th session of the Board of Directors.

Corporate Governance and Other Information

- (2) Mr. Ma Yanhong was appointed as the general manager of the Company; Mr. Qiu Jihua, Mr. Liu Jiepeng, Mr. Zheng Kecheng, Mr. Liang Jun, Mr. Liu Dexin, Mr. Liu Yan and Mr. Feng Xiaopeng were appointed as the deputy general managers of the Company; Ms. Wang Hongyu was appointed as the finance director of the Company; and Ms. Wu Xiaochun was appointed as the secretary of the Board of Directors of the Company. The terms of the above senior management commenced from the date of approval of the Board resolution until the expiry of the 12th session of the Board of Directors.

7. Changes in the Composition of the Committees under the Board of Directors

Upon the election and approval by the Directors at the first meeting of the 12th session of the Board of Directors held by the Company on August 5, 2026, the composition of the committees under the 12th session of the Board of Directors is as follows:

Strategy Committee: Mr. Li Gang (Chairman), Mr. Zhang Wanzhen and Mr. Jiang Lijun

Nomination Committee: Mr. Jiang Lijun (Chairman), Mr. Zhang Wanzhen and Ms. Wong Sze Wing

Remuneration and Appraisal Committee: Ms. Wong Sze Wing (Chairlady), Mr. Zhang Wanzhen and Mr. Su Yanqi

Audit Committee: Mr. Su Yanqi (Chairman), Mr. Zhang Wanzhen and Ms. Wong Sze Wing

8. The 2026 A Share Employee Stock Ownership Plan

The Board resolved at the third meeting of the 12th session of the Board of Directors held on August 28, 2026 to propose the adoption of the 2026 A Share Employee Stock Ownership Plan of the Company. For details of this stock ownership plan, please refer to the Company's announcement dated August 28, 2026 and the Company's circular dated September 1, 2026. The resolution was considered and approved by the Company at the second extraordinary general meeting for 2026 held on September 21, 2026.

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(I) Consolidated Balance Sheet

Currency unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary funds	1	3,825,541,538.74	3,057,778,568.16
Financial assets held for trading	2	3,256,567,110.27	3,758,511,639.05
Bills receivables	3	802,976,534.04	754,921,601.58
Trade receivables	4	3,027,749,331.69	2,159,447,994.75
Financing receivables	5	357,087,092.38	345,552,116.73
Prepayments	7	141,655,047.30	75,509,121.21
Other receivables	6	17,120,880.49	18,439,500.88
Inventories	8	2,811,047,901.85	2,391,722,373.47
Other current assets		469,676,761.29	519,639,706.89
TOTAL CURRENT ASSETS		14,709,422,198.05	13,081,522,622.72
Non-current assets:			
Other equity instrument investments		3,195,346.84	3,195,346.84
Investment properties		57,471,015.62	59,319,442.57
Fixed assets	9	6,088,683,840.05	6,189,540,649.28
Construction in progress	10	848,373,791.65	400,174,609.89
Right-of-use assets		24,001,182.55	20,165,126.80
Intangible assets	11	435,737,787.01	445,401,333.80
Goodwill		234,565,836.07	248,711,480.85
Long-term deferred expenses		11,103,670.34	10,000,482.15
Deferred tax assets		181,592,949.86	163,934,548.52
Other non-current assets	12	5,843,933,432.75	5,884,122,274.14
TOTAL NON-CURRENT ASSETS		13,728,658,852.74	13,424,565,294.84
TOTAL ASSETS		28,438,081,050.79	26,506,087,917.56
Current liabilities:			
Short-term borrowings	13	739,864,054.00	539,417,815.81
Bills payable	14	1,487,995,694.56	1,119,188,640.58
Trade payables	15	1,264,234,585.74	808,796,635.42
Contract liabilities	17	78,373,368.63	23,886,202.23
Employee remuneration payable	18	241,094,633.41	395,646,592.65
Tax payables	19	228,377,809.17	213,816,411.40
Other payables	16	183,164,272.22	114,328,150.34
Non-current liabilities maturing within one year		4,833,198.40	3,294,613.84
Other current liabilities		197,219,383.77	262,114,718.35
TOTAL CURRENT LIABILITIES		4,425,156,999.90	3,480,489,780.62

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(I) Consolidated Balance Sheet (Continued)

Currency unit: RMB

Item	Note	Closing balance	Opening balance
Non-current liabilities:			
Long-term borrowings	20	24,900,000.00	24,925,000.00
Lease liabilities		21,237,104.72	18,799,774.62
Deferred income		1,022,230,409.15	1,031,970,432.05
Deferred tax liabilities		295,980,603.20	286,860,495.81
TOTAL NON-CURRENT LIABILITIES		1,364,348,117.07	1,362,555,702.48
TOTAL LIABILITIES		5,789,505,116.97	4,843,045,483.10
Owners' equity:			
Share capital	21	1,916,497,371.00	1,916,497,371.00
Capital reserve	22	6,218,241,052.57	6,218,241,052.57
Less: Treasury shares	23	175,440,732.12	175,440,732.12
Other comprehensive income		-52,337,465.74	34,011,244.89
Surplus reserve	24	1,131,138,251.24	1,131,138,251.24
Retained profits	25	13,606,316,794.86	12,534,312,161.10
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		22,644,415,271.81	21,658,759,348.68
Non-controlling interests		4,160,662.01	4,283,085.78
TOTAL OWNERS' EQUITY		22,648,575,933.82	21,663,042,434.46
TOTAL LIABILITIES AND OWNERS' EQUITY		28,438,081,050.79	26,506,087,917.56

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(II) Consolidated Income Statement

Currency unit: RMB

Item	Note	2026 H1	2025 H1
I. Total revenue		6,423,331,756.20	4,148,795,081.35
Of which: Revenue	26	6,423,331,756.20	4,148,795,081.35
II. Total operating costs		4,234,825,670.75	2,925,025,830.07
Of which: Cost of sales	26	3,576,532,877.46	2,407,379,759.27
Taxes and surcharges		60,199,391.15	54,758,369.07
Selling expenses	28	44,809,875.71	41,985,575.31
Administrative expenses	27	254,930,420.36	191,458,983.00
Research and development expenses	29	340,265,460.29	292,636,423.61
Finance costs	30	-41,912,354.22	-63,193,280.19
Of which: Interest expense		12,698,931.43	10,090,571.26
Interest income		98,512,185.01	89,617,387.81
Add: Other gains		139,129,622.47	177,949,112.58
Investment gains (losses are presented with "-")		11,347,229.27	21,967,851.87
Gains on fair value changes (losses are presented with "-")		20,929,055.15	18,708,537.36
Credit impairment losses (losses are presented with "-")		-55,945,048.93	-4,207,592.16
Asset impairment losses (losses are presented with "-")		-74,041,634.54	-12,383,445.82
Gains on disposal of assets (losses are presented with "-")		-3,153,112.24	1,151,802.02
III. Operating profit (losses are presented with "-")		2,226,772,196.63	1,426,955,517.13
Add: Non-operating income		12,193,867.60	9,230,404.33
Less: Non-operating expenses		15,019,889.19	9,067,876.70

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(II) Consolidated Income Statement (Continued)

Currency unit: RMB

Item	Note	2026 H1	2025 H1
IV. Total profit (total losses are presented with "-")		2,223,946,175.04	1,427,118,044.76
Less: Income tax expense		291,950,358.10	190,033,514.37
V. Net profit (net losses are presented with "-")		1,931,995,816.94	1,237,084,530.39
(I) Classified by operating continuity			
Net profit from continuing operations (net losses are presented with "-")		1,931,995,816.94	1,237,084,530.39
(II) Classified by ownership attribution			
Net profit attributable to shareholders of the parent company (net losses are presented with "-")		1,932,118,240.71	1,237,137,884.03
Profit or loss attributable to minority shareholders (net losses are presented with "-")		-122,423.77	-53,353.64
VI. Other comprehensive income, net of tax		-86,348,710.63	80,376,316.33
Other comprehensive income attributable to owners of the parent company, net of tax		-86,348,710.63	80,376,316.33
(I) Other comprehensive income that will not be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments			

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(II) Consolidated Income Statement (Continued)

Currency unit: RMB

Item	Note	2026 H1	2025 H1
(II) Other comprehensive income that will be reclassified to profit or loss		-86,348,710.63	80,376,316.33
Foreign currency translation differences on financial statements		-86,348,710.63	80,376,316.33
VII. Total comprehensive income		1,845,647,106.31	1,317,460,846.72
Total comprehensive income attributable to owners of the parent company		1,845,769,530.08	1,317,514,200.36
Total comprehensive income attributable to minority shareholders		-122,423.77	-53,353.64
VIII. Earnings per share:			
(I) Basic earnings per share		1.01	0.65
(II) Diluted earnings per share		1.01	0.65

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(III) Consolidated Statement of Cash Flows

Currency unit: RMB

Item	2026 H1	2025 H1
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of services	5,413,408,638.75	3,916,372,410.56
Tax refunds received	51,151,330.49	8,104,983.64
Cash received from other operating activities	232,646,971.53	177,398,287.71
Subtotal of cash inflows from operating activities	5,697,206,940.77	4,101,875,681.91
Cash paid for purchases of goods and services	2,385,274,202.49	1,344,795,485.14
Cash paid to and on behalf of employees	1,262,473,571.28	1,068,410,466.19
Taxes paid	566,813,209.20	450,523,274.93
Cash paid for other operating activities	185,326,362.89	110,437,030.81
Subtotal of cash outflows from operating activities	4,399,887,345.86	2,974,166,257.07
Net cash flows from operating activities	1,297,319,594.91	1,127,709,424.84
II. Cash flows from investing activities:		
Cash received from the recovery of investments	69,242,208,141.78	100,066,180,000.00
Cash received from investment income	94,907,574.01	57,961,789.67
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	3,691,947.60	3,343,260.00
Subtotal of cash inflows from investing activities	69,340,807,663.39	100,127,485,049.67
Cash paid for the acquisition of fixed assets, intangible assets, and other long-term assets	476,370,998.61	207,166,653.60
Cash paid for investments	68,544,397,186.42	98,547,716,398.37
Cash paid for other investing activities	62,601.65	90,555.18
Subtotal of cash outflows from investing activities	69,020,830,786.68	98,754,973,607.15
Net cash flows from investing activities	319,976,876.71	1,372,511,442.52

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(III) Consolidated Statement of Cash Flows (Continued)

Currency unit: RMB

Item	2026 H1	2025 H1
III. Cash flows from financing activities:		
Cash received from borrowings	110,677,420.00	30,000,000.00
Subtotal of cash inflows from financing activities	110,677,420.00	30,000,000.00
Cash paid to repay debts	25,000.00	
Cash paid for dividend and profit distribution or interest payments	860,966,881.81	726,376,656.98
Cash paid for other financing activities	9,835,074.51	176,730,262.73
Subtotal of cash outflows from financing activities	870,826,956.32	903,106,919.71
Net cash flows from financing activities	-760,149,536.32	-873,106,919.71
IV. Effect of exchange rate fluctuations on cash and cash equivalents	-62,063,639.72	13,689,684.97
V. Net increase in cash and cash equivalents	795,083,295.58	1,640,803,632.62
Add: Opening balance of cash and cash equivalents	2,285,396,444.48	1,140,258,197.52
VI. Closing balance of cash and cash equivalents	3,080,479,740.06	2,781,061,830.14

Financial Report

I. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(IV) Consolidated Statement of Changes in Equity

Currency unit: RMB

Item	2026 H1								
	Equity attributable to owners of the parent company							Non - controlling interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	Subtotal		
I. Balance as at December 31, 2025	1,916,497,371.00	6,218,241,052.57	175,440,732.12	34,011,244.89	1,131,138,251.24	12,534,312,161.10	21,658,759,348.68	4,283,085.78	21,663,042,434.46
II. Changes in amounts for the period (decreases are presented with "-")				-86,348,710.63		1,072,004,633.76	985,655,923.13	-122,423.77	985,533,499.36
(I) Total comprehensive income				-86,348,710.63		1,932,118,240.71	1,845,769,530.08	-122,423.77	1,845,647,106.31
(II) Profit distribution						-860,113,606.95	-860,113,606.95		-860,113,606.95
1. Distributions to owners (or shareholders)						-860,113,606.95	-860,113,606.95		-860,113,606.95
III. Closing balance for the period	1,916,497,371.00	6,218,241,052.57	175,440,732.12	-52,337,465.74	1,131,138,251.24	13,606,316,794.86	22,644,415,271.81	4,160,662.01	22,648,575,933.82

Item	2025 H1								
	Equity attributable to owners of the parent company							Non - controlling interests	Total owners' equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits	Subtotal		
I. Balance as at December 31, 2024	1,916,497,371.00	6,218,241,052.57		-42,041,628.60	1,131,138,251.24	10,642,246,014.24	19,866,081,060.45	5,687,235.13	19,871,768,295.58
II. Changes in amounts for the period (decreases are presented with "-")			175,440,732.12	80,376,316.33		510,819,727.05	415,755,311.26	-53,353.64	415,701,957.62
(I) Total comprehensive income				80,376,316.33		1,237,137,884.03	1,317,514,200.36	-53,353.64	1,317,460,846.72
(II) Owners' contributions and decrease of capital			175,440,732.12			-175,440,732.12	-175,440,732.12		-175,440,732.12
1. Others			175,440,732.12			-175,440,732.12	-175,440,732.12		-175,440,732.12
(III) Profit distribution						-726,318,156.98	-726,318,156.98		-726,318,156.98
1. Distributions to owners (or shareholders)						-726,318,156.98	-726,318,156.98		-726,318,156.98
III. Closing balance for the period	1,916,497,371.00	6,218,241,052.57	175,440,732.12	38,334,687.73	1,131,138,251.24	11,153,065,741.29	20,281,836,371.71	5,633,881.49	20,287,470,253.20

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. Corporate Information

Chaozhou Three-Circle (Group) Co., Ltd. was incorporated in the People's Republic of China as a joint stock company with limited liability. In December 2014, the Company was listed on the ChiNext of the Shenzhen Stock Exchange (Stock Code: 300408.SZ). On July 9, 2026, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 6951.HK).

The Company and its subsidiaries are principally engaged in the research and development, production and sales of electronic components and their foundational materials.

2. Preparation Basis of Financial Statements

The financial statements of the Company have been prepared based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises, its application guidelines, interpretations and other relevant provisions promulgated by the Ministry of Finance of the PRC (the "**Accounting Standards for Business Enterprises**" (ASBE)), as well as the relevant disclosure requirements set out in the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (2023 Revision) issued by the China Securities Regulatory Commission.

The Company has assessed its ability to continue as a going concern for the 12 months from the date of balance sheet, and has not identified any events or circumstances casting significant doubt on the going concern capability. The financial statements are presented on a going concern basis.

In addition, the financial statements comply with the disclosure requirements under the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3. Significant Accounting Policies and Accounting Estimates

(1) *Statement of Compliance with ASBE*

The financial statements prepared by the Company comply with ASBE, which truly and completely reflect the Company's financial position, operating results, cash flows and other relevant information.

(2) *Accounting Period*

The Company's accounting period is from January 1 to December 31 of the Gregorian calendar.

The current Reporting Period is from January 1, 2026 to June 30, 2026.

(3) *Operating Cycle*

The Company's operating cycle is 12 months.

(4) *Functional Currency*

The functional currency of the Company is RMB. The functional currency of the Company's overseas subsidiaries is determined based on the currency of the primary economic environment in which they operate. The financial statements of the Company are presented in RMB.

(5) *Criteria for Determining Control and Preparation Method of Consolidated Financial Statements*

The scope of consolidation of the Company's consolidated financial statements is determined based on the basis of control, covering the Company and all subsidiaries controlled by the Company. The criteria for the Company to determine control are that the Company has power over the investee, has rights to variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of its returns.

In preparing the consolidated financial statements, if the accounting policies or accounting periods of subsidiaries differ from those of the Company, necessary adjustments are made to the subsidiaries' financial statements to align with the Company's accounting policies or accounting periods.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3. Significant Accounting Policies and Accounting Estimates (Continued)

(5) Criteria for Determining Control and Preparation Method of Consolidated Financial Statements (Continued)

The effects of intra-group transactions between the Company and its subsidiaries, and among the subsidiaries, are eliminated upon consolidation. Portions of owners' equity of subsidiaries not attributable to the parent company, as well as portions of net profit or loss, other comprehensive income and total comprehensive income for the current period attributable to non-controlling interests, are separately presented in the consolidated financial statements under the items "non-controlling interests", "profit or loss attributable to minority shareholders", "other comprehensive income attributable to minority shareholders" and "total comprehensive income attributable to minority shareholders", respectively.

For subsidiaries acquired through business combinations under common control, their operating results and cash flows are incorporated into the consolidated financial statements from the beginning of the year in which the combination occurs. In preparing the comparative consolidated financial statements, the relevant items in the financial statements of the prior year are adjusted as if the reporting entity formed after the combination had existed since the point in time when the ultimate controlling party began to exercise control.

For subsidiaries acquired through business combinations not under common control, their operating results and cash flows are incorporated into the consolidated financial statements from the date the Company obtains control. In preparing the consolidated financial statements, the subsidiaries' financial statements are adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities determined at the acquisition date.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

3. Significant Accounting Policies and Accounting Estimates (Continued)

(6) Changes in Significant Accounting Policies and Accounting Estimates during the Reporting Period

On December 5, 2025, the Ministry of Finance issued Interpretation No. 19 of the Accounting Standards for Business Enterprises (Cai Kuai [2025] No. 32), which sets forth, among other things, provisions regarding "Accounting Treatment of Compensatory Assets in Business Combinations Not under Common Control", "Accounting Treatment of Related Capital Reserves Arising from the Disposal of Subsidiaries Previously Acquired through Business Combinations under Common Control", "Derecognition of Financial Liabilities Settled through Electronic Payment Systems", "Assessment of Contractual Cash Flow Characteristics of Financial Assets and Related Disclosures", and "Disclosures for Equity Instruments Designated at Fair Value through Other Comprehensive Income" with effect from January 1, 2026. The Company has applied the Interpretation since its effective date.

On June 4, 2026, the Ministry of Finance issued Interpretation No. 20 of the Accounting Standards for Business Enterprises, which sets forth, among other things, provisions regarding "Assessment of Contractual Cash Flow Characteristics of Financial Assets" and "Accounting Treatment and Related Disclosures in the Absence of Currency Convertibility" with effect from January 1, 2026. The Company has applied the Interpretation since its effective date.

4. Proposed Interim Dividend Distribution Plan

The Board of Directors recommends that no interim dividend be declared for the six months ended June 30, 2026.

5. Notes to The Consolidated Financial Statements

Unless otherwise specified, regarding the financial statement data disclosed below, "the beginning of the period" refers to January 1, 2026, the financial data as of which is audited; "the end of the period" refers to June 30, 2026, the financial data as of which is unaudited; "the period" refers to the period from January 1, 2026 to June 30, 2026; "last period" refers to the period from January 1, 2025 to June 30, 2025; the currency unit is RMB.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(1) Monetary Funds

Item	Closing balance	Opening balance
Cash on hand	129,758.48	88,344.19
Bank deposits*1	3,823,491,452.91	3,052,702,617.44
Other monetary funds	1,920,327.35	4,987,606.53
Total	3,825,541,538.74	3,057,778,568.16
Of which: total funds held overseas	411,159,397.44	288,206,872.95

*1: As of the end of the period, the principal and interest of RMB745,051,798.68 on large-denomination certificates of deposit and time deposits with maturities exceeding three months are not presented as cash and cash equivalents.

(2) Financial Assets Held for Trading

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss ("FVTPL")	3,256,567,110.27	3,758,511,639.05
Of which:		
Wealth management products	3,256,567,110.27	3,758,511,639.05
Total	3,256,567,110.27	3,758,511,639.05

(3) Bills Receivables

Item	Closing balance	Opening balance
Bank acceptance bill	617,237,127.84	585,910,617.52
Commercial acceptance bill	185,739,406.20	169,010,984.06
Total	802,976,534.04	754,921,601.58

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(4) Trade Receivables

The aging analysis of trade receivables presented based on invoice dates is as follows:

Item	Closing Book Balance	Opening Book Balance
Within 1 year (including 1 year)	3,187,031,551.67	2,272,311,707.65
1 to 2 years	758,405.70	1,777,827.08
2 to 3 years	628,981.34	628,981.34
Less: Allowance for bad debts	160,669,607.02	115,270,521.32
Total	3,027,749,331.69	2,159,447,994.75

(5) Financing Receivables

Item	Closing balance	Opening balance
Bank acceptance bill	357,087,092.38	345,552,116.73
Total	357,087,092.38	345,552,116.73

(6) Other Receivables

Item	Closing Book Balance	Opening Book Balance
Within 1 year (including 1 year)	10,715,665.86	9,634,469.48
1 to 2 years	2,946,200.37	5,236,117.49
2 to 3 years	2,799,447.63	2,926,385.02
Over 3 years	1,048,772.33	1,051,433.11
3 to 4 years	306,649.65	606,681.52
4 to 5 years	452,396.32	117,755.77
Over 5 years	289,726.36	326,995.82
Less: Allowance for bad debts	389,205.70	408,904.22
Total	17,120,880.49	18,439,500.88

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(7) Prepayments

Item	Closing balance		Opening balance	
	Amount	Percentage	Amount	Percentage
Within 1 year (including 1 year)	140,930,087.74	99.49%	74,560,618.66	98.75%
1 to 2 years	607,179.93	0.43%	370,613.36	0.49%
2 to 3 years	27,217.76	0.02%	530,539.19	0.70%
Over 3 years	90,561.87	0.06%	47,350.00	0.06%
Total	141,655,047.30		75,509,121.21	

As of the end of the period, the Company had no prepayments with an aging over one year and of a significant amount.

(8) Inventories

Item	Closing balance			Opening balance		
	Book balance	Allowance for inventory impairment or impairment of contract fulfillment costs	Carrying value	Book balance	Allowance for inventory impairment or impairment of contract fulfillment costs	Carrying value
Raw materials	724,667,026.32	8,359,075.77	716,307,950.55	406,824,294.79	6,585,958.80	400,238,335.99
Work in progress	812,993,237.97	23,036,051.63	789,957,186.34	713,531,561.67	10,180,142.26	703,351,419.41
Commodity stocks	646,564,819.72	44,192,854.70	602,371,965.02	708,989,374.80	30,942,552.65	678,046,822.15
Goods shipped	280,450,516.93	8,718,567.99	271,731,948.94	180,999,825.35	5,070,573.00	175,929,252.35
Semi-finished products	464,474,104.50	33,795,253.50	430,678,851.00	451,172,196.20	17,015,652.63	434,156,543.57
Total	2,929,149,705.44	118,101,803.59	2,811,047,901.85	2,461,517,252.81	69,794,879.34	2,391,722,373.47

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(9) Fixed Assets

Item	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Total
I. Original carrying value:					
1. Opening balance	3,077,821,091.26	7,000,624,277.10	41,130,570.33	278,482,443.56	10,398,058,382.25
2. Increases for the period	27,045,361.04	261,448,646.02	765,888.98	29,259,715.85	318,519,611.89
(1) Purchases		105,056,748.61	873,940.48	20,467,371.95	126,398,061.04
(2) Transfer from construction in progress	39,699,251.28	164,400,400.10	111,309.72	9,484,134.06	213,695,095.16
(3) Exchange rate fluctuations	-12,653,890.24	-8,008,502.69	-219,361.22	-691,790.16	-21,573,544.31
3. Decreases for the period	44,832,181.34	72,099,978.72	1,336,405.34	917,329.57	119,185,894.97
(1) Disposal or retirement	44,832,181.34	72,099,978.72	1,336,405.34	917,329.57	119,185,894.97
4. Closing balance	3,060,034,270.96	7,189,972,944.40	40,560,053.97	306,824,829.84	10,597,392,099.17
II. Accumulated depreciation					
1. Opening balance	723,244,950.05	3,343,804,027.61	26,251,633.25	95,756,224.89	4,189,056,835.80
2. Increases for the period	73,768,902.49	292,786,761.93	1,893,589.72	16,553,798.06	385,003,052.20
(1) Provision	75,326,292.03	295,109,892.85	1,976,914.86	17,028,142.43	389,441,242.17
(2) Exchange rate fluctuations	-1,557,389.54	-2,323,130.92	-83,325.14	-474,344.37	-4,438,189.97
3. Decreases for the period	37,111,713.67	59,973,025.84	1,186,025.58	357,394.87	98,628,159.96
(1) Disposal or retirement	37,111,713.67	59,973,025.84	1,186,025.58	357,394.87	98,628,159.96
4. Closing balance	759,902,138.87	3,576,617,763.70	26,959,197.39	111,952,628.08	4,475,431,728.04

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(9) Fixed Assets (Continued)

Item	Buildings	Machinery and equipment	Transportation equipment	Electronic equipment and others	Total
III. Allowance for impairment					
1. Opening balance	134,679.37	19,326,217.80			19,460,897.17
2. Increases for the period		19,440,577.36			19,440,577.36
(1) Provision		19,440,577.36			19,440,577.36
3. Decreases for the period		5,624,943.45			5,624,943.45
(1) Disposal or retirement		5,624,943.45			5,624,943.45
4. Closing balance	134,679.37	33,141,851.71			33,276,531.08
IV. Carrying value					
1. Closing carrying value	2,299,997,452.72	3,580,213,328.99	13,600,856.58	194,872,201.76	6,088,683,840.05
2. Opening carrying value	2,354,441,461.84	3,637,494,031.69	14,878,937.08	182,726,218.67	6,189,540,649.28

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(10) Construction in Progress

Item	Closing balance			Opening balance		
	Book Balance	Allowance for impairment	Carrying value	Book Balance	Allowance for impairment	Carrying value
Equipment installation projects	769,548,517.35		769,548,517.35	354,587,430.00		354,587,430.00
Construction project	78,825,274.30		78,825,274.30	45,587,179.89		45,587,179.89
Total	848,373,791.65		848,373,791.65	400,174,609.89		400,174,609.89

(11) Intangible Assets

Item	Land use rights	Patent rights	Software	Total
I. Original carrying value				
1. Opening balance	489,907,901.64	20,886,790.82	31,641,005.58	542,435,698.04
2. Increases for the period	-4,086,343.84		482,709.21	-3,603,634.63
(1) Purchases			876,792.45	876,792.45
(2) Exchange rate fluctuations	-3,723,309.98		-394,083.24	-4,117,393.22
(3) Increases due to reclassification and other factors	-363,033.86			-363,033.86
3. Decreases for the period				
4. Closing balance	485,821,557.80	20,886,790.82	32,123,714.79	538,832,063.41
II. Accumulated amortization				
1. Opening balance	62,056,200.36	19,007,023.02	15,971,140.86	97,034,364.24
2. Increases for the period	4,519,678.07	147,231.72	1,393,002.37	6,059,912.16
(1) Provision	4,519,678.07	147,231.72	1,759,815.85	6,426,725.64
(2) Exchange rate fluctuations			-366,813.48	-366,813.48
3. Decreases for the period				
4. Closing balance	66,575,878.43	19,154,254.74	17,364,143.23	103,094,276.40
III. Carrying value				
1. Closing carrying value	419,245,679.37	1,732,536.08	14,759,571.56	435,737,787.01
2. Opening carrying value	427,851,701.28	1,879,767.80	15,669,864.72	445,401,333.80

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(12) Other Non-current Assets

Item	Closing balance			Opening balance		
	Book balance	Allowance for impairment	Carrying value	Book balance	Allowance for impairment	Carrying value
Prepaid equipment costs	147,021,858.20		147,021,858.20	30,098,479.89		30,098,479.89
Prepaid construction costs	244,104.70		244,104.70	3,030,098.31		3,030,098.31
Prepaid land costs	3,529,836.73		3,529,836.73			
Time deposits and large-denomination certificates of deposit with maturities of more than one year	5,693,137,633.12		5,693,137,633.12	5,850,993,695.94		5,850,993,695.94
Total	5,843,933,432.75		5,843,933,432.75	5,884,122,274.14		5,884,122,274.14

(13) Short-term Borrowings

Item	Closing balance	Opening balance
Credit borrowings	110,677,420.00	
Domestic letter of credit borrowings	284,451,786.34	244,323,787.39
Discounted notes not yet due and not derecognized	344,734,847.66	295,094,028.42
Total	739,864,054.00	539,417,815.81

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(14) Bills Payable

Item	Closing balance	Opening balance
Commercial acceptance bill		27,388,780.20
Bank acceptance bill	<u>1,487,995,694.56</u>	<u>1,091,799,860.38</u>
Total	<u>1,487,995,694.56</u>	<u>1,119,188,640.58</u>

(15) Trade Payables

The aging analysis of trade payables presented based on invoice dates or dates of transactions is as follows:

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	1,207,208,770.15	708,935,887.73
1-2 years	20,207,807.42	75,558,943.85
2-3 years	34,753,751.14	21,193,047.17
3-4 years	919,707.62	1,923,311.25
4-5 years		5,923.06
Over 5 years	<u>1,144,549.41</u>	<u>1,179,522.36</u>
Total	<u>1,264,234,585.74</u>	<u>808,796,635.42</u>

(16) Other Payables

Item	Closing balance	Opening balance
Deposits and security	146,853,350.73	94,928,111.76
Others	<u>36,310,921.49</u>	<u>19,400,038.58</u>
Total	<u>183,164,272.22</u>	<u>114,328,150.34</u>

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(17) Contract Liabilities

Item	Closing balance	Opening balance
Advances from customers	78,373,368.63	23,886,202.23
Total	78,373,368.63	23,886,202.23

(18) Employee Remuneration Payable

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
I. Short-term remuneration	394,386,456.55	1,050,823,799.84	1,204,688,470.70	240,521,785.69
II. Post-employment benefits — defined contribution plan	1,260,136.10	73,874,443.24	74,561,731.62	572,847.72
Total	395,646,592.65	1,124,698,243.08	1,279,250,202.32	241,094,633.41

(19) Tax Payables

Item	Closing balance	Opening balance
Value-added tax	16,905,436.02	54,109,965.78
Corporate income tax	196,576,054.33	144,229,498.84
Individual income tax	3,525,269.01	4,618,925.98
Urban maintenance and construction tax	2,167,174.60	3,971,063.35
Education surcharge	1,552,622.84	2,841,531.21
Environmental protection tax	103,027.13	156,648.56
Property tax	3,002,794.54	208,799.14
Land use tax	400,969.56	19,170.00
Deed tax		1,375,071.21
Stamp tax	3,993,608.37	2,285,737.33
Others	150,852.77	
Total	228,377,809.17	213,816,411.40

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(20) Long-term Borrowings

Item	Closing balance	Opening balance
Credit borrowings	24,950,000.00	24,975,000.00
Long-term borrowings due within one year	-50,000.00	-50,000.00
Total	24,900,000.00	24,925,000.00

(21) Share Capital

	Changes for the period (+, -)						Closing balance
	Opening balance	New shares issued	Bonus shares	Shares converted from capital reserve	Others	Subtotal	
Total shares	1,916,497,371.00						1,916,497,371.00

(22) Capital Reserve

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
Capital premium (share premium)	6,029,936,062.23			6,029,936,062.23
Other capital reserves	188,304,990.34			188,304,990.34
Total	6,218,241,052.57			6,218,241,052.57

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(23) Treasury Shares

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
Treasury shares	175,440,732.12			175,440,732.12
Total	175,440,732.12			175,440,732.12

On April 10, 2025, the Company convened the 10th meeting of the 11th session of the Board of Directors, at which the "Proposal on the Plan for Repurchasing Shares of the Company" was considered and approved, authorizing the Company to utilize not less than RMB150 million and not more than RMB200 million of internal or self-raised funds to repurchase part of the Company's A Shares through centralized bidding for future use under share incentive schemes or employee stock ownership plans at appropriate times.

Pursuant to the share repurchase plan, as of the end of the Reporting Period, the Company had repurchased 5,133,800 A Shares through the dedicated securities account for repurchase via centralized bidding, representing 0.2679% of the Company's total share capital at the end of the period. The highest transaction price was RMB35.70 per share, and the lowest transaction price was RMB32.05 per share, with a total transaction amount of RMB175,440,732.12 (including transaction fees).

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(24) Surplus Reserve

Item	Opening balance	Increases for the period	Decreases for the period	Closing balance
Statutory surplus reserve	1,131,138,251.24			1,131,138,251.24
Total	1,131,138,251.24			1,131,138,251.24

(25) Retained Profits

Item	The period	Last period
Retained profits at the end of the last period before adjustments	12,534,312,161.10	10,642,246,014.24
Retained profits at the beginning of the period after adjustments	12,534,312,161.10	10,642,246,014.24
Add: Net profit attributable to owners of the parent company for the period	1,932,118,240.71	1,237,137,884.03
Less: Dividends payable on ordinary shares	860,113,606.95	726,318,156.98
Retained profits at the end of the period	13,606,316,794.86	11,153,065,741.29

(26) Revenue and Cost of Sales

Item	Amount for the period		Amount for last period	
	Revenue	Costs	Revenue	Costs
Principal business	6,313,496,434.55	3,556,061,389.79	4,107,501,662.87	2,399,912,340.48
Other businesses	109,835,321.65	20,471,487.67	41,293,418.48	7,467,418.79
Total	6,423,331,756.20	3,576,532,877.46	4,148,795,081.35	2,407,379,759.27

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(27)Administrative Expenses

Item	Amount for the period	Amount for last period
Employee remuneration	125,342,416.40	99,656,972.24
Logistics and office expenses	35,147,023.28	29,393,311.05
Depreciation and amortization expenses	48,777,353.04	36,763,171.33
Travel and entertainment expenses	7,114,481.42	7,158,053.98
Others	38,549,146.22	18,487,474.40
Total	254,930,420.36	191,458,983.00

(28)Selling Expenses

Item	Amount for the period	Amount for last period
Employee remuneration	32,283,393.68	28,781,368.99
Travel and entertainment expenses	5,695,334.34	5,702,855.57
Others	6,831,147.69	7,501,350.75
Total	44,809,875.71	41,985,575.31

(29)Research and Development Expenses

Item	Amount for the period	Amount for last period
Staff manpower expenses	234,454,755.82	192,850,874.96
Direct input expenses	82,153,622.97	68,654,207.27
Depreciation and amortization expenses	18,992,212.93	18,348,925.60
Other expenses	4,664,868.57	12,782,415.78
Total	340,265,460.29	292,636,423.61

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

5. Notes to The Consolidated Financial Statements (Continued)

(30) Finance Costs

Item	Amount for the period	Amount for last period
Interest expense	12,698,931.43	10,090,571.26
Of which: Interest expense on lease liabilities	530,966.37	568,694.34
Less: Interest income	98,512,185.01	89,617,387.81
Foreign exchange gains and losses	42,473,584.50	15,548,970.09
Others	1,427,314.86	784,566.27
Total	-41,912,354.22	-63,193,280.19

(31) Income Tax Expense

Item	Amount for the period	Amount for last period
Current income tax expense	300,249,252.25	175,864,530.24
Deferred income tax expense	-8,298,894.15	14,168,984.13
Total	291,950,358.10	190,033,514.37

(32) Composition of Cash and Cash Equivalents

Item	Closing balance	Opening balance
I. Cash	3,080,479,740.06	2,285,396,444.48
Of which: Cash on hand	129,758.48	88,344.19
Bank deposits available for immediate payment	3,078,429,654.23	2,280,337,806.26
Other monetary funds available for immediate payment	1,920,327.35	4,970,294.03
II. Closing balance of cash and cash equivalents	3,080,479,740.06	2,285,396,444.48

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. Interests in Subsidiaries

Composition of the Corporate Group

Currency unit: RMB

Subsidiary name	Registered capital	Principal place of business	Place of registration	Nature of business	Ownership Percentage (%)		Method of acquisition
					Direct	Indirect	
Shenzhen Three-Circle Technology Co., Ltd. (深圳三環科技有限公司)	58,175,299.00	Shenzhen	Shenzhen	Production and sales	100.00		Establishment
HONG KONG THREECIRCLE ELECTRONIC COMPANY LIMITED (香港三環電子有限公司)	488,158,758.94	Hong Kong	Hong Kong	Trade	100.00		Establishment
Nanchong Three-Circle Electronics Co., Ltd. (南充三環電子有限公司)	60,000,000.00	Nanchong	Nanchong	Production and sales	100.00		Establishment
Frontier Coöperatief U.A.	27,640,624.16	Netherlands	Netherlands	Investment holding		100.00	Establishment
Singularity Management GmbH	193,740.00	Germany	Germany	Asset management		100.00	Purchase
Dynamics Administration GmbH & Co. KG	25,773,950.08	Germany	Germany	Asset management		100.00	Establishment
Vermes Microdispensing GmbH	197,647.50	Germany	Germany	Production, sales, and maintenance		100.00	Purchase
Vermes Microdispensing (XIAMEN) Co., Ltd. (微密斯點膠科技(廈門)有限公司)	625,253.69	Xiamen	Xiamen	Production, sales, and maintenance		100.00	Purchase
Vermes Microdispensing (M) SDN. BHD.	1,002,932.48	Malaysia	Malaysia	Maintenance		100.00	Establishment
Vermes Microdispensing America Inc.	624,343.15	United States	United States	Sales		100.00	Establishment
Vermes Microdispensing Ltd.	592,186.27	South Korea	South Korea	Sales		100.00	Establishment
Vermes Microdispensing India Pvt. Ltd.	868,473.00	India	India	Sales		99.99	Establishment
Glory Winner (Thailand) Co., Ltd.	45,853,650.86	Thailand	Thailand	Production and sales		100.00	Establishment
Chaozhou Vermes Technology Co., Ltd. (潮州微密斯科技有限公司)	2,012,470.00	Chaozhou	Chaozhou	Production and sales		100.00	Establishment
Guangdong Advanced Ceramic Materials Technology Co., Ltd. (廣東省先進陶瓷材料科技有限公司)	33,400,000.00	Chaozhou	Chaozhou	Technical services	80.84	5.39	Establishment

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

6. Interests in Subsidiaries (Continued)

Composition of the Corporate Group (Continued)

Currency unit: RMB

Subsidiary name	Registered capital	Principal place of business	Place of registration	Nature of business	Ownership Percentage (%)		Method of acquisition
					Direct	Indirect	
Deyang Three-Circle Technology Co., Ltd. (德陽三環科技有限公司)	200,000,000.00	Deyang	Deyang	Production and sales	100.00		Establishment
Wuhan Sanhuan Trading Co., Ltd (武漢三寰貿易有限公司)	500,000.00	Wuhan	Wuhan	Services	100.00		Establishment
Chengdu Sanhuan Technology Co., Ltd (成都三環科技有限公司)	100,000,000.00	Chengdu	Chengdu	Production and sales	100.00		Establishment
Suzhou Sanhuan Technology Co., Ltd (蘇州三環科技有限公司)	100,000,000.00	Suzhou	Suzhou	Production and sales	100.00		Establishment
Chaozhou Sanhuan Biological New Materials Co., Ltd (潮州三環生物新材料有限公司)	10,000,000.00	Chaozhou	Chaozhou	Production and sales	100.00		Establishment
Shenzhen Sanhuan New Energy Co., Ltd (深圳三環新能源有限公司)	1,000,000.00	Shenzhen	Shenzhen	Production and sales	100.00		Establishment
Chaozhou Sanhuan Environmental Protection Technology Co., Ltd. (潮州三環環保科技有限責任公司)	1,000,000.00	Chaozhou	Chaozhou	Production and sales	100.00		Establishment
Honghe Sanhuan Technology Co., Ltd. (紅河三環科技有限公司)*1	100,000,000.00	Honghe	Honghe	Production and sales	100.00		Establishment

*1: Honghe Sanhuan Technology Co., Ltd. (紅河三環科技有限公司) was approved to be established on March 26, 2026 by the Administration for Market Regulation of Honghe Hani and Yi Autonomous Prefecture, Yunnan Province.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

7. Risks Related to Financial Instruments

The Company faces various financial risks in the course of its operations: credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risks). The aforementioned financial risks and the risk management policies adopted by the Company to mitigate these risks are described as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines, and overseeing the implementation of risk management measures. The Company has established risk management policies to identify and analyze the risks it faces. These policies clearly define specific risks and cover various aspects, including market risk, credit risk, and liquidity risk management. The Company regularly assesses changes in the market environment and its business operations to determine whether to update its risk management policies and systems. The risk management of the Company is carried out by the Risk Management Committee in accordance with policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates, and mitigates relevant risks through close collaboration with the Company's other business departments. The Company's internal audit department conducts regular audits of risk management controls and procedures and reports the audit results to the Company's Audit Committee.

The Company diversifies risks associated with financial instruments through an appropriately diversified investment and business portfolio and reduces risks concentrated in a single industry, specific region, or specific counterparty by establishing corresponding risk management policies.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

7. Risks Related to Financial Instruments (Continued)

(1) Credit Risk

The greatest credit risk leading to financial losses for the Company stems primarily from the failure of the counterparty to a contract to fulfill its obligations, resulting in losses to the Company's financial assets. To mitigate credit risk, the Company conducts necessary credit reviews in advance, strictly controls credit limits and credit approvals, and implements ongoing monitoring and control during the transaction period. For past-due receivables, the Company promptly initiates collection procedures to ensure their recovery. In addition, the Company sets aside adequate allowance for bad debts based on the recoverability of receivables at each balance sheet date, which significantly reduces the credit risk it bears.

Furthermore, the Company's working capital is held at banks with high credit ratings, resulting in low credit risk associated with working capital.

(2) Liquidity Risk

Liquidity risk refers to the risk that a company may experience a shortage of funds when fulfilling obligations settled by the delivery of cash or other financial assets.

The Company's policy is to ensure it has sufficient cash to repay due debts. Liquidity risk is centrally managed 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, marketable securities realizable at any time, and rolling forecasts of cash flows for the next 12 months. Meanwhile, it continuously monitors whether the Company complies with the provisions of its borrowing agreements and obtains commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term funding needs.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

7. Risks Related to Financial Instruments (Continued)

(3) Market Risk

Market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in market prices, including interest rate risk, foreign exchange risk, and other price risks.

a. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk primarily stems from changes in the interest rates on bank borrowings.

b. Foreign Exchange Risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in foreign exchange rates. The Company's exposure to foreign exchange risk is primarily related to financial assets and liabilities denominated in foreign currencies. For such assets and liabilities, the Company buys and sells foreign currencies at appropriate times based on market exchange rates to ensure that foreign exchange risk is controlled at an acceptable level.

c. Other Price Risks

The Company does not hold any equity investments in other listed companies.

Financial Report

II. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (Continued)

8. Fair Value Disclosure

Closing Fair Values of Assets and Liabilities Measured at Fair Value

Currency unit: RMB

Item	Closing Fair Value			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
I. Fair value measurement on a continuous basis				
(I) Financial assets held for trading		3,256,567,110.27		3,256,567,110.27
1. Financial assets at FVTPL		3,256,567,110.27		3,256,567,110.27
(1) Others		3,256,567,110.27		3,256,567,110.27
(II) Financing receivables			357,087,092.38	357,087,092.38
(III) Investments in other equity instruments			3,195,346.84	3,195,346.84
Total assets measured at fair value on a continuous basis		3,256,567,110.27	360,282,439.22	3,616,849,549.49

The inputs used for fair value measurement are classified into three levels:

Level 1 inputs are unadjusted quotes for identical assets or liabilities available in active markets on the measurement date.

Level 2 inputs are directly or indirectly observable inputs for the relevant assets or liabilities, other than Level 1 inputs.

Level 3 inputs are unobservable inputs for the relevant assets or liabilities.

The level to which the fair value measurement is assigned is determined by the lowest level of the inputs that are significant to the fair value measurement as a whole.