DELTON

DELTON TECHNOLOGY (GUANGZHOU) INC.
廣州廣合科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 1989

2026
Interim Report

CONTENTS

2 Corporate Information
3 Key Accounting Data and Financial Indicators
4 Management Discussion and Analysis
30 Report of Directors
47 Directors and Senior Management
49 Corporate Governance Report

53 Report on Review of Interim Condensed Consolidated Financial Information
54 Interim Condensed Consolidated Balance Sheet
57 Interim Condensed Consolidated Statement of Income
59 Interim Condensed Consolidated Statement of Cash Flows
61 Interim Condensed Consolidated Statement of Changes in Equity
63 Notes to the Interim Condensed Consolidated Financial Statements

213 Definitions

CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Xiao Hongxing *(Chairman)*
Ms. Zeng Hong
Mr. Peng Jinghui

Non-executive Director

Ms. Liu Jinchan

Independent non-executive Directors

Ms. Chen Limei
Dr. Shi Ling
Ms. Zhang Jin

AUDIT COMMITTEE

Ms. Chen Limei *(Chairperson)*
Ms. Liu Jinchan
Ms. Zhang Jin

NOMINATION COMMITTEE

Dr. Shi Ling *(Chairperson)*
Mr. Xiao Hongxing
Ms. Chen Limei

REMUNERATION AND APPRAISAL COMMITTEE

Ms. Chen Limei *(Chairperson)*
Ms. Zeng Hong
Ms. Zhang Jin

STRATEGY AND ESG COMMITTEE

Mr. Xiao Hongxing *(Chairperson)*
Ms. Zeng Hong
Dr. Shi Ling

JOINT COMPANY SECRETARIES

Mr. Zeng Yangqing
Ms. Kwan Sau In

AUTHORIZED REPRESENTATIVES

Mr. Xiao Hongxing
Ms. Kwan Sau In

H SHARE REGISTRAR

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

LEGAL ADVISORS AS TO THE LAWS OF HONG KONG

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COMPLIANCE ADVISOR

Yue Xiu Capital Limited
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Wanchai
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AUDITOR

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STOCK CODE

Shenzhen Stock Exchange: 001389
The Stock Exchange of Hong Kong Limited: 01989

COMPANY'S WEBSITE

www.delton.com.cn

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

In the Report, unless otherwise stated, monetary units are denominated in Renminbi ("**RMB**").

RESULTS

For the six months ended June 30, 2026

	For the six months ended June 30		
	2026	2025	Increase/decrease compared to the same period last year
Revenue (RMB)	**4,388,260,234.74**	2,424,753,430.89	1,963,506,803.85
Net profit attributable to shareholders of the listed company (RMB)	**955,588,247.43**	491,583,351.57	464,004,895.86
Net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses (RMB)	**939,402,064.37**	477,553,222.35	461,848,842.02
Net cash flows from operating activities (RMB)	**936,892,416.06**	453,102,610.13	483,789,805.93
Basic earnings per share (RMB/share)	**2.1394**	1.1610	0.9784
Diluted earnings per share (RMB/share)	**2.1324**	1.1605	0.9719
Weighted average return on equity	**16.05%**	14.81%	1.24%

	June 30, 2026	December 31, 2025	Increase/decrease compared to the same period last year
Total assets (RMB)	**12,914,312,903.34**	7,542,073,240.92	5,372,239,662.42
Net assets attributable to shareholders of the listed company (RMB)	**7,928,821,944.25**	3,978,084,998.00	3,950,736,946.25

The Company was incorporated in the People's Republic of China (the "**PRC**") on June 17, 2002, and was converted into a joint stock limited company on June 22, 2020. Its A shares have been listed on the Main Board of the Shenzhen Stock Exchange since April 2, 2024 (stock code: 001389), and its H Shares have been listed on the Main Board of the Stock Exchange since March 20, 2026 (stock code: 01989).

The Report has been prepared in accordance with China Accounting Standards for Business Enterprises. In light of the substantial convergence between financial statements prepared in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, the Company convened the 25th meeting of the second session of the Board on May 27, 2026, at which the resolution regarding the alignment in preparation of financial reports in accordance with the China Accounting Standards for Business Enterprises was considered and approved. Accordingly, the Company has ceased to prepare its financial statements under the International Financial Reporting Standards adopted in its 2025 annual report. Commencing with this report, the Company has uniformly adopted the China Accounting Standards for Business Enterprises in the preparation of its financial statements and the disclosure of the related financial information. This change has no material impact on the results of operations or financial position of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business Activities of the Company during the Reporting Period

Delton Technology was established in June 2002. Its principal business is the research, development, production and sale of multilayer and high-layer-count printed circuit boards ("PCBs"). The Company's principal business remained unchanged during the reporting period. The Company's PCB products are primarily positioned in the mid-to-high-end application market, with high requirements for precision, density and reliability. The products are widely used in fields such as servers, consumer electronics, industrial control, security electronics, telecommunications and automotive electronics. Among these, PCB products used for servers account for approximately 90% of revenue, representing the most significant downstream application area for the Company's products. The products are applied in core equipment of data centers, including high-performance computing (HPC) servers, AI computing servers, storage servers and switches, thereby supplying critical electronic components for global industries such as big data and cloud computing.

The Company is a state-level high-tech enterprise and has accumulated extensive experience in the research, development and production of PCBs over many years, with a dedicated focus on high-speed PCB research. The Company, by virtue of possessing multiple core technologies applicable to various types of server PCBs, has established independent intellectual property rights, and has mastered corresponding high-precision manufacturing processes. The Company's "PCBs for Server Motherboards" was selected as a National "Manufacturing Single Champion Product" in the seventh batch (2022) organized by the General Office of the Ministry of Industry and Information Technology and the China Federation of Industrial Economics. The Company's "Ultra-High-End High-Layer-Count Composite Substrate Project for AI Servers" received the Third Prize of the 2025 Science and Technology Progress Award from the Chinese Institute of Electronics. The project "R&D and Application of Key Technologies for Ultra-Small Step Gold Finger PCBs" was awarded the Second Prize of the 2025 Science and Technology Progress Award by the Guangdong Provincial Institute of Electronics. "Large-BGA Server Motherboard for HPC" received the Second Prize of the 2025 Science and Technology Progress Award from the Guangdong High-Tech Industry Association. Furthermore, several products related to the Company's core technologies, including "High-Performance PCBs for High-End Servers", "Large-BGA Server Motherboard for HPC" and "Ultra-High-End High-Layer-Count Composite Substrate for AI Servers", were recognized as 2025 Guangdong Famous & High-Quality High-Tech Products.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review for the First Half of 2026

Industry Overview during the Reporting Period

The industry in which the Company operates falls within the electronic components and electronic specialty materials manufacturing sector. A printed circuit board (PCB) primarily functions to interconnect various electronic components through conductive pathways, serving the roles of conduction and transmission. It is a critical electronic interconnect in electronic products and is widely referred to as the "mother of electronic products". The PCB industry is widely distributed worldwide, with Chinese Mainland, Taiwan (China), Japan, South Korea, the United States, Europe, and Southeast Asia representing the principal global production bases of PCBs. As PCB being an indispensable component of electronic end-devices, the development level of the PCB industry to some extent reflects the pace and technological sophistication of a country's or region's electronic information industry advancement. As a vital supporting sector for electronic information, PCB industry development is closely tied to downstream demand. Application requirements from downstream industries impose increasingly stringent demands on PCB precision and stability, propelling the industry toward higher density and higher performance. Furthermore, as an upstream component sector within the electronic information industry, the PCB industry is significantly influenced by macroeconomic conditions and international political and economic relations.

According to the latest Prismark Q1 2026 report, benefiting from growing demand for AI-related products such as data centers, AI servers, and high-performance computing, the global PCB market experienced growth exceeding expectations in 2025, with the final output value estimate revised upward to approximately US$85.836 billion, representing a year-on-year increase of approximately 16.7%, significantly surpassing the industry's historical growth rate. By application area, benefiting from the rapid development of data centers, AI, IoT, and automotive electronics, demand for high-layer-count multilayer PCBs, HDI PCBs, and packaging substrates experienced robust growth, with year-on-year growth rates of 19.3%, 29.4%, and 18.2%, respectively, in 2025. By regional distribution, all regions globally achieved positive growth, with the global growth landscape was characterized by China leading and Southeast Asia supplementing. Chinese Mainland, as the world's largest PCB market, accounted for over 50% of global output value; with a growth rate of 20.9% in 2025. The Asia region (excluding Japan and Chinese Mainland) recorded a compound annual growth rate of 12.3% in PCB output value in 2025, representing the fastest-growing region in terms of PCB output value globally outside Chinese Mainland. Southeast Asian countries such as Vietnam and Thailand, leveraging policy advantages and labor cost advantages, have become core recipients of capacity relocation, helping to form a dual-base global supply chain landscape for Chinese PCB enterprises. Although the PCB industry faces challenges including raw material price fluctuations and trade frictions, technological innovation and market expansion have created substantial development opportunities. Looking ahead, with the deepening of AI applications, rising penetration of new energy vehicles, and advancement of domestic substitution, the PCB industry is poised to transition from scale-driven expansion to high-quality development, with the global market size expected to continue its upward trajectory.

MANAGEMENT DISCUSSION AND ANALYSIS

Estimated Global PCB Output Value in 2025

Unit: US$100 million

Projects	Multilayer PCBs							
	4–6 layers	8-16 layers	18 and above layers	HDI	Packaging substrates	Flexible PCBs	Others	Total
America	7.36	12.99	5.02	4.55	0.20	4.70	3.14	37.96
Europe	5.16	1.81	0.73	2.05	0.59	3.49	3.91	17.74
Japan	8.90	7.62	2.30	4.37	29.83	9.07	2.90	64.99
Chinese Mainland	124.17	68.14	32.81	108.73	37.71	63.18	61.78	496.52
Asia	21.47	23.90	11.67	42.27	80.58	48.58	12.67	241.14
Total	167.06	114.45	52.54	161.97	148.91	129.03	84.40	858.36

Note: "Asia" in this table refers to Asian countries or regions other than Chinese Mainland and Japan.

Source: Prismark, Q1 2026 Report.

The PCB market experienced exceptionally strong momentum at the beginning of 2026. According to the latest Prismark Q1 2026 Report, global PCB output value increased by 26.3% period-on-period in the first quarter of 2026, representing one of the strongest quarterly growth rates in recent years. This was primarily attributable to continued investments by downstream customers in AI servers, AI accelerators, high-speed networking equipment, optical modules and data centre infrastructure. Demand for HDI boards, high-layer-count multilayer PCBs and advanced package substrates was particularly robust, reflecting the continued expansion of the AI hardware supply chain.

Looking ahead, the PCB market is expected to maintain strong growth throughout 2026. According to the latest Prismark Q1 2026 Report, driven by continued investments in AI infrastructure, advanced packaging, high-performance computing and data centre networking, global PCB output value is expected to increase by 18.8% for the full year of 2026, representing a growth rate significantly higher than the historical average.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Position and Strengths of the Company

Through years of development and accumulation, the Company has established multi-dimensional competitive strengths in customer resources, research and development and innovation, lean management and intelligent manufacturing, enabling it to maintain a leading position in the industry. In particular, the Company has established a leading position in the high-end server PCB segment and has become one of the influential brands in the PCB industry. The Company has established long-term and stable cooperative relationships with leading global server brands and EMS providers, covering eight of the world's top 10 server manufacturers. Its products are widely applied in AI servers, general-purpose servers and high-performance computing applications, allowing the Company to benefit from the rapid growth in global demand for computing power. For many consecutive years, the Company has been included in the Top 100 PCB Enterprises rankings published by authoritative organisations, including the China Printed Circuit Association (CPCA), Prismark and N.T. Information, demonstrating continued recognition of its industry position and brand value.

Core Competitiveness

1. Customer Resource Advantages

PCBs serve as a carrier and connection medium for various electronic components, and the electrical performance of PCBs are directly associated with the performance of end products, particularly for customers in the mid-to-high-end PCB segment represented by servers. To ensure high stability and reliability of their products and to support their continuous iteration requirements, customers tend to establish stable and robust relationships with PCB suppliers. The Company has forged enduring and solid cooperation with leading global server brands and EMS providers, covering eight of the world's top ten server manufacturers. Its products are widely used in AI servers, general-purpose servers, and HPC scenarios, allowing the Company to benefit from the rapid growth in global demand for computing power. The Company actively participates in the collaborative development of new products with its customers, providing stable and reliable supply assurance and timely, attentive technical support, thereby earning widespread recognition and favor from customers. It has repeatedly received awards from customers such as "Annual Outstanding Supplier," "Best Supplier," and "Perfect Quality Award," establishing a strong brand image in the computing power server PCB market. Furthermore, the Company actively expands its customer base into sectors such as consumer electronics, industrial control, security electronics, communications, and automotive electronics.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Technology and R&D Advantages

The Company is a state-level high-tech enterprise and has been recognized as a Provincial Enterprise Technology Center and the Guangdong Provincial Engineering Technology Research Center for High-Frequency and High-Speed Printed Circuit Boards. The Company's research institute has established a Material Application and Research Laboratory, a Product Development Group, and an Innovative Process Research Group. On one hand, it conducts preliminary research on specialized materials and technologies based on the evolution of chip technology. On the other hand, it organizes technical teams to carry out customized process and product development in response to customer needs, and undertakes the summarization and transformation of technological achievements. It continuously conducts technological transformation and upgrading to ensure that the Company's product R&D iterations remain synchronized with customer product iterations, thereby forming a technological moat for product and process know-how. Simultaneously, it conducts comprehensive verification of the functions and performance of new products according to customer requirements, and provides capability support for production process quality monitoring and reliability monitoring of well-developed products, thereby providing technical assurance for the quality of high-end PCB products.

3. Rapid Response Advantages

The Company consistently adheres to a customer demand-oriented approach. A professional project management team conducts customized product development according to customer requirements, integrating the stages of demand, R&D, production, and delivery through the JDM (Joint Design Manufacturing) business model to provide customers with fully customized products and services throughout the entire process. The Company offers comprehensive solution recommendations covering material selection, circuit design, process engineering, testing methods, cost control and so on. During the customer product development and validation phase, the Company organizes specialized product development teams to provide sample processing services and collaborates with customers to analyze testing and validation results, formulate optimization plans, and adjust material selection and manufacturing processes to meet the technical performance requirements of the customer's products. Through providing customized services to diverse customers, the Company accumulates industry experience, and through its deep engagement in the industry, it has established a strong brand image among industry customers.

MANAGEMENT DISCUSSION AND ANALYSIS

4. **Management Advantages**

The Company possesses an outstanding and capable management team whose members have many years of industry experience and possess profound expertise in market research, business technology, and quality management. They are deeply familiar with the characteristics and trends of industry development, enabling them to grasp market dynamics in a timely and accurate manner and bring new products and technologies to market based on customer demand.

The Company places great emphasis on cost control in its production and operations, continuously implementing lean production management. It has established a comprehensive cost independent accounting and evaluation system, implementing operational cost breakdown across the entire process from material procurement, engineering design, process parameter optimization, production, to delivery, supported by corresponding data collection, analysis, and performance assessment and incentive mechanisms, thereby forming a comprehensive cost control management system. By establishing a well-developed cost control management system, continuously conducting lean management and cost reduction and efficiency enhancement initiatives, and promoting management optimization and improvement, the Company has developed strong cost control capabilities, ensuring its sustained and healthy development in the highly competitive PCB industry.

The Company's product quality remains stable with a strong reputation within the industry, having received numerous product quality awards from customers, which provides a robust quality assurance for business development. In the course of long-term cooperation with customers, the Company has established a comprehensive quality management system. In accordance with relevant quality system requirements, the Company has formulated system control documents covering the entire process, including supplier qualification management, material inspection, production process control, sales order management, and customer service, and conducts regular internal reviews and audits on the implementation of these control documents to ensure the effective operation and continuous improvement of the quality management system. The Company utilizes its ERP system for comprehensive information recording and tracking across such processes as material procurement, production material issuance, manufacturing processes, quality inspection and warehousing, and order shipment, establishing a reliable data traceability system that provides technical support for the analysis and improvement of quality issues.

MANAGEMENT DISCUSSION AND ANALYSIS

5. **Green and Environmentally Friendly Production Advantages**

The Company has established an annual mechanism for the regular disclosure of information relating to sustainable development (ESG), promoting comprehensive progress through top-level design and reinforcing the primary responsibilities of individual business units. The strategic goals of "carbon peak and carbon neutrality" are fully embedded into the operational business chain, ensuring that the overall objectives, strategic approach, and implementation pathways for carbon peak and carbon neutrality are deeply aligned with the Company's overarching development strategy. Within this framework, the Company has formulated and implemented the "Delton Technology Group Carbon Management Procedure," establishing a standardized management and control system for greenhouse gas emissions across the entire process. It continuously reduces emission intensity per unit of output value and scientifically manages carbon emission reduction costs, driving high-quality sustainable development through systematic carbon management. Green development is by no means a burden but rather a strategic cornerstone for strengthening the Company's long-term core competitiveness and ensuring stable development for decades to come. Leveraging its deep practical experience and achievements in green manufacturing, the Company continues to garner authoritative recognition, having been honored as a National-Level Green Factory, a Provincial Water Conservation Benchmark Enterprise, a Zero-Waste Factory, an Outstanding Enterprise for Green Manufacturing and Environmental Protection in 2024, and an IPC China ESG Benchmark Enterprise in 2025, among other accolades.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Business Analysis

In the first half of 2026, the Company continued to capitalize on growth opportunities in computing power hardware demand, driving product mix optimization through technological innovation. It pursued parallel goals of lifting efficiency at existing facilities via digital technology upgrades and ramping up capacity at new plants, supporting steady growth in operating performance. For the first half of 2026, the Company recorded revenue of RMB4,388.3 million, representing a 81.0% period on period increase and recorded net profit of RMB955.6 million, representing a 94.4% period on period increase.

1. During the reporting period, the Guangzhou factory, the Company's core manufacturing base, broke through bottleneck processes via ongoing technology upgrades and deepened digital transformation, further improving production capacity and technical capabilities. These advances supported comprehensive optimization of the product mix and significantly strengthened delivery competitiveness. Alongside revenue scale expansion, both profitability and operational efficiency metrics maintained healthy growth. A new round of technology upgrade projects at the Guangzhou factory is currently progressing in an orderly manner, with incremental capacity expected to come online in the second half of the year to meet growing customer demand and ease current capacity tightness.

2. During the reporting period, construction of the "Yunqing Smart Manufacturing Base Project" is proceeding smoothly, with production scheduled to commence by the end of November 2026. This will lay a solid capacity foundation for fulfilling high-end GPU product orders in 2027. Positioned for AI computing power applications, the project is designed with mass production capacity for sub-100-layer prototypes, 18 to 78 layer ultra-high-layer PCBs and 5+ to 7+ HDI boards, supported by M-Sap processes. Going forward, the base will focus on R&D and manufacturing of high-layer-count and high-end HDI products. The Company has already initiated preliminary planning for "Phase II of Yunqing Smart Manufacturing Base Project".

3. During the reporting period, the Thailand facility focused entirely on high-end computing server motherboards, closely aligning with overseas customer demand. Leveraging smart and automated production advantages, it delivered strong profitability underpinned by high-capacity utilization and high yield rates. Construction of Thailand facility is currently progressing in an orderly manner, with additional capacity expected to come online in Q4 2026 to further boost the Thailand facility's overall output value and profitability.

4. During the reporting period, the Company stayed aligned with its computing power application strategy and steadily advanced qualification processes with core customers. All departments operated in close coordination to support customer audits efficiently, laying a solid foundation for subsequent mass production order conversion and deeper long-term partnerships.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the six months ended June 30, 2026, the Group recorded a revenue of RMB4,388.3 million (corresponding period in 2025: RMB2,424.8 million), representing an increase of 81.0% as compared to that of the corresponding period of last year, primarily due to the increase in sales volume and selling prices of the Company's products arising from strong demand of computing power customers.

The PCBs sold by the Group include (i) computing application PCBs, (ii) industrial application PCBs and (iii) consumer application PCBs. The Group primarily focuses on computing application PCBs. In the first half of 2025 and the first half of 2026, the Group's revenue from computing application PCBs was RMB1,794.8 million and RMB3,668.9 million, representing 74.0% and 83.6% of our total revenue, respectively.

The table below sets out a breakdown of our revenue by application of PCBs for the periods indicated:

	As of June 30,					
	2026		2025		Change	
	Amount (RMB'000) (unaudited)	**Percentage (%)**	Amount (RMB'000) (unaudited)	Percentage (%)	Amount (RMB'000)	Percentage (%)
PCB						
Computing application PCBs	**3,668,919.2**	**83.6**	1,794,847.0	74.0	1,874,072.2	104.4
Industrial application PCBs	**196,507.0**	**4.5**	184,884.1	7.6	11,623.0	6.3
Consumer application PCBs	**221,513.1**	**5.0**	285,479.0	11.8	-63,966.0	-22.4
Subtotal	**4,086,939.3**	**93.1**	2,265,210.1	93.4	1,821,729.2	80.4
Other Products[1]	**301,320.9**	**6.9**	159,543.3	6.6	141,777.6	88.9
Total	**4,388,260.2**	**100.0**	2,424,753.4	100.0	1,963,506.8	81.0

Note:

(1) Other products primarily include recyclable materials such as etching liquids, lamination frames and other production residues.

MANAGEMENT DISCUSSION AND ANALYSIS

Computing application PCBs

During the reporting period, revenue from computing application PCBs increased from RMB1,794.8 million in the corresponding period of 2025 to RMB3,668.9 million, representing an increase of 104.4%, and accounting for approximately 83.6% of total revenue (for the six months ended June 30, 2025: 74.0%).

The increase in revenue from computing application PCBs was primarily attributable to the increase in sales price and volume in respect of the Company's computing power customers driven by high prosperity and strong demand of AI downstream segments.

Industrial application PCBs

During the reporting period, revenue from industrial application PCBs increased from RMB184.9 million in the corresponding period of 2025 to RMB196.5 million, representing an increase of 6.3%, and accounting for approximately 4.5% of total revenue (for the six months ended June 30, 2025: 7.6%).

Consumer application PCBs

During the reporting period, revenue from consumer application PCBs decreased from RMB285.5 million in the corresponding period of 2025 to RMB221.5 million, representing a decrease of 22.4%, and accounting for approximately 5.0% of total revenue (for the six months ended June 30, 2025: 11.8%).

The decrease in revenue from consumer application PCBs was primarily attributable to a decline in demand from downstream customers in the consumer electronics industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating costs

The Group's operating costs primarily consist of (i) direct material costs, (ii) direct labour costs and (iii) manufacturing expenses. The table below sets out a breakdown of our operating costs by item for the periods indicated:

Unit: RMB'000

Item	Six months ended June 30, 2026 Amount (unaudited)	Six months ended June 30, 2026 % of operating costs	Six months ended June 30, 2025 Amount (unaudited)	Six months ended June 30, 2025 % of operating costs	Period on period change
Direct materials	**1,864,819.2**	**70.0%**	1,041,189.6	67.5%	79.1%
Direct labour	**204,005.9**	**7.7%**	147,770.6	9.6%	38.1%
Manufacturing expenses	**545,996.4**	**20.5%**	325,650.9	21.1%	67.7%
Others	**26,826.1**	**1.0%**	19,550.9	1.3%	37.2%
Subtotal	**2,641,647.6**	**99.1%**	1,534,162.0	99.5%	72.2%
Other products	**23,216.2**	**0.9%**	7,632.2	0.5%	204.2%
Total	**2,664,863.9**	**100.0%**	1,541,794.2	100.0%	72.8%

During the reporting period, the Group's direct materials costs amounted to RMB1,864.8 million (corresponding period in 2025: RMB1,041.2 million), representing an increase of 79.1% as compared with the corresponding period in 2025, primarily attributable to (i) an increase in the purchase volume of raw materials driven by higher turnover, and (ii) a rise in the purchase prices of major raw materials.

During the reporting period, the Group's direct labour costs amounted to RMB204.0 million (corresponding period in 2025: RMB147.8 million), representing an increase of 38.1% as compared with the corresponding period in 2025, primarily attributable to an increase in production personnel headcount resulting from higher turnover to ensure corresponding output.

During the reporting period, the Group's manufacturing expenses amounted to RMB546.0 million (corresponding period in 2025: RMB325.7 million), representing an increase of 67.6% as compared with the corresponding period in 2025, primarily attributable to an increase in production costs resulting from higher turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling expenses

During the reporting period, the Group's selling expenses totaled RMB 101.2 million, representing an increase of 70.3% from RMB59.4 million for the corresponding period in 2025. During the reporting period, selling expenses accounted for 2.3% of total revenue, a decrease of 0.1 percentage points from the same period of 2025, and remained largely stable.

Administrative expenses

During the reporting period, the Group's administrative expenses amounted to RMB104.9 million, representing an increase of 5.1% from RMB99.9 million for the corresponding period in 2025. Administrative expenses accounted for 2.4% of total revenue during the reporting period, representing a decrease of 1.7 percentage points from 4.1% for the corresponding period in 2025, due to the decrease in share-based payment expense.

Research and development expenses

During the reporting period, the Group's research and development expenses amounted to RMB230.1 million, representing an increase of 96.6% from RMB117.0 million for the corresponding period in 2025. Research and development expenses accounted for 5.2% of total revenue during the reporting period, representing an increase of 0.4 percentage point from 4.8% for the corresponding period in 2025, due to the increased employee compensation, share-based payment expense and materials and power expenses. Such increases are mainly due to our increased R&D investments in projects relating to computing application PCBs, aimed at enhancing and optimizing our manufacturing processes to better meet customer demand.

Finance costs

During the reporting period, the Group's finance costs amounted to RMB118.7 million, representing an increase of RMB124.2 million from RMB-5.6 million for the corresponding period in 2025, primarily attributable to the impact of revaluation resulting from exchange rate fluctuations at the end of the period.

Income tax expenses

During the reporting period, the Group's income tax expenses amounted to RMB121.2 million, representing an increase of 68.2% from RMB72.1 million for the corresponding period in 2025, which was in line with the increase in revenue and taxable profits during the same reporting period.

Net profit for the first half of the year

As a result of the foregoing, during the reporting period, the Group's profit for the first half of the year amounted to RMB955.6 million, representing an increase of 94.4% from RMB491.6 million for the corresponding period in 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Assets and liabilities

The following table sets out a breakdown of assets and liabilities by item for the periods indicated:

RMB

	June 30,2026		December 31, 2025			
	Amount	% of total assets	Amount	% of total assets	Change (%)	Description of material changes
Cash and cash equivalents	**2,642,327,035.76**	**20.5%**	519,789,358.85	6.9%	13.6 percentage points	Addition of proceeds from the H Share issuance
Trade receivables	**2,833,725,181.65**	**21.9%**	1,936,629,259.26	25.7%	-3.7 percentage points	As revenue increases for the current period, trade receivables increase accordingly
Inventories	**1,383,627,690.79**	**10.7%**	764,445,667.38	10.1%	0.6 percentage points	As orders increase, the Company's inventory increases accordingly
Long-term equity investment	**20,203,062.67**	**0.2%**	11,803,458.39	0.2%	0 percentage point	The Company increased its capital contribution to Jiupai Hongtao Emerging Industries Venture Capital Fund (Suzhou) Partnership (Limited Partnership) (九派宏濤新興產業創業投資基金（蘇州）合夥企業（有限合夥）) by RMB9 million
Fixed assets	**3,736,126,745.21**	**28.9%**	3,029,315,752.93	40.2%	-11.2 percentage points	Transfer of certain construction-in-progress projects to fixed assets
Construction in progress	**844,673,127.08**	**6.5%**	254,595,042.78	3.4%	3.2 percentage points	The Company increases investment in its manufacturing facilities
Right-of-use assets	**2,503,387.29**	**0.02%**	2,913,283.39	0.04%	-0.02 percentage point	–
Short-term borrowings	**252,370,861.47**	**2.0%**	267,962,066.81	3.6%	-1.6 percentage point	–
Contract liabilities	**15,461,342.71**	**0.1%**	6,052,856.81	0.1%	0.04 percentage points	The Company's advance receipts increased
Long-term borrowings	**393,304,581.46**	**3.0%**	318,000,693.32	4.2%	-1.2 percentage points	The Company increased its bank loans
Lease liabilities	**1,930,669.82**	**0.01%**	2,314,372.20	0.03%	-0.02 percentage points	–

Explanatory Notes to Items in the Balance Sheet

Inventories

During the reporting period, the Group's inventories comprise raw materials and consumables, work in progress, finished goods, contract costs and goods in transit. Inventories amounted to RMB1,383.6 million (end of 2025: RMB764.4 million), representing an increase of 81.0% compared with the end of last year.

Long-term equity investment

As at June 30, 2026, long-term equity investment of the Group amounted to RMB20.2 million (end of 2025: RMB11.8 million), representing an increase of 71.2% compared with the end of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Fixed assets

The Group's fixed assets primarily comprise buildings and structures, machinery and equipment, construction in progress, transportation equipment, office equipment, tools and implements, and other equipment. As at June 30, 2026, property, plant and equipment of the Group amounted to RMB3,736.1 million, net, representing an increase of approximately RMB706.8 million from RMB3,029.3 million as at December 31, 2025, primarily due to capacity expansion of the Guangzhou base and Thai base, and the acquisition of new dormitory building.

Construction in progress

As at June 30, 2026, construction in progress of the Group amounted to approximately RMB844.7 million, representing an increase of approximately RMB590.1 million from RMB254.6 million as at December 31, 2025, primarily due to capacity expansion of the Guangzhou base and Thai base.

Trade receivables

As at June 30, 2026, trade receivables of the Group amounted to RMB2,833.7 million, representing an increase of RMB897.1 million from RMB1,936.6 million as at December 31, 2025, primarily due to the increase in revenue.

Contract liabilities

As at June 30, 2026, contract liabilities of the Group amounted to approximately RMB15.5 million, representing an increase of approximately RMB9.4 million from RMB6.1 million as at December 31, 2025.

Right-of-use assets

Right-of-use assets of the Group primarily consist of buildings. As at June 30, 2026, right-of-use assets of the Group amounted to approximately RMB2.5 million, representing a decrease of approximately RMB0.4 million from RMB2.9 million as at December 31, 2025.

Short-term borrowings

As at June 30, 2026, short-term borrowings of the Group amounted to approximately RMB252.4 million, representing a decrease of approximately RMB15.6 million from RMB268.0 million as at December 31, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Long-term borrowings

As at June 30, 2026, long-term borrowings of the Group amounted to RMB393.3 million, representing an increase of approximately RMB75.3 million from RMB318.0 million as at December 31, 2025, primarily due to the increase in bank borrowing.

Lease liabilities

As at June 30, 2026, lease liabilities of the Group amounted to approximately RMB1.9 million, representing a decrease of approximately RMB0.4 million from RMB2.3 million as at December 31, 2025.

Liability-to-asset ratio

The liability-to-asset ratio is calculated as total liabilities divided by total assets as at the same date. As at June 30, 2026, the liability-to-asset ratio of the Group was 38.6% (the liability-to-asset ratio as at December 31, 2025 was 47.3%).

Pledge of assets

As of June 30, 2026, the net book value of collateral pledged or mortgaged by the Company to secure bank borrowings was RMB485.7 million, consisting primarily of fixed assets and intangible assets, representing a decrease of approximately RMB12.7 million from RMB498.4 million as at December 31, 2025.

Contingent liabilities

As of June 30, 2026, the Group had no significant contingent liabilities. The Group also had no significant contingent liabilities as of December 31, 2025.

Gearing ratio

Gearing ratio equals total debt divided by total equity as of the end of the period. Total debt includes short-term borrowings, current portion of long-term borrowings and long-term borrowings which are all interest-bearing borrowings. As at June 30, 2026, the gearing ratio of the Group was 10.2% (as of December 31, 2025: 17.1%).

Financing plans

The Group will consider factors including repayment of maturing debts, debt replacement and material future capital expenditures, in order to make financing arrangements in advance, enhance funding and debts management, optimize the funding utilization and control the scale of debts effectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow

The table below sets out a breakdown of cash flows by item for the period as indicated:

Unit: RMB

Item	Six months ended June 30, 2026	Six months ended June 30, 2025	Period-on-period change
Net cash flows generated from operating activities	**936,892,416.1**	453,102,610.1	106.8%
Net cash flows generated from investing activities	**-1,669,171,781.2**	-410,388,107.5	306.7%
Net cash flows generated from financing activities	**2,848,256,119.3**	-114,849,848.5	2,580.0%

Description of Cash Flow Items

As at June 30, 2026, the Group's net cash flow from operating activities was approximately RMB936.9 million, representing an increase of approximately RMB483.8 million compared with approximately RMB453.1 million as at June 30, 2025, primarily due to an increase in operating profit and higher collections from customers.

As at June 30, 2026, the Group's net cash flow from investing activities was approximately RMB-1,669.2 million, representing a decrease of approximately RMB1,258.8 million compared with approximately RMB-410.4 million as at June 30, 2025, primarily due to increased investment resulting from the Company's expansion of production capacity.

As at June 30, 2026, the Group's net cash flow from financing activities was approximately RMB2,848.3 million, representing an increase of approximately RMB2,963.1 million compared with approximately RMB-114.8 million as at June 30, 2025, primarily due to the proceeds from the H Share listing in 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Indebtedness

Our indebtedness primarily consisted of (i) interest-bearing bank borrowings and (ii) lease liabilities. The table below sets forth a breakdown of our total indebtedness as at the dates indicated:

Item	June 30, 2026 RMB'000	December 31, 2025 RMB'000
Current		
Interest-bearing bank borrowings	**419,389.1**	362,513.3
Lease liability and long-term payables	**634.1**	642.6
Non-current		
Interest-bearing bank borrowings	**393,304.6**	318,000.7
Lease liability and long-term payables	**4,118.3**	4,567.6
Total	**817,446.1**	685,724.2

Interest-bearing bank borrowings

As of December 31, 2025 and June 30, 2026, we had outstanding aggregate interest-bearing bank borrowings of RMB680.5 million and RMB812.7 million, respectively, accounting for 100% and 100% of the total borrowings, primarily due to the increase in machinery and construction in progress in relation to the production expansion at our Guangzhou base and Thai base.

By type of borrowings

As of June 30, 2026, there were no other borrowings. Of the bank borrowings, secured/mortgaged borrowings totaled RMB203.4 million and credit borrowings totaled RMB609.3 million, accounting for approximately 25.0% and 75.0% of total borrowings, respectively. A majority of the Group's borrowings bear floating interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the Company's Future Development

(I) Overall Development Strategy and Operating Strategy

Going forward, the Company will maintain its focus on the core trajectory of High performance PCBs. Aligned with its formulated "Cloud, Pipe, and Device" development strategy, the Company will prioritize the organization of technological research and product development in fields including PCIe 6.0/7.0/8.0 servers, AI servers, high-level HDI, 112G/224G/448G switches, 5.5G/6G communications, optical modules, autonomous driving, high-definition displays, and new energy. We will proactively embrace the explosive growth in demand from the AI computing power market as well as the PCB product market for next-generation communication technologies. We will accelerate our global strategic deployment, strive to achieve even larger-scale revenue growth at our Thailand facility, secure a commanding position in the market, and enhance our market competitiveness and profitability.

(II) Development Prospects and Outlook

The PCB market is expected to maintain strong growth throughout 2026. According to the latest report published by Prismark for the first quarter of 2026, driven by continued investment in AI infrastructure, advanced packaging, high-performance computing and data center networking, global PCB output value is expected to grow by 18.8% for the full year of 2026, representing a growth rate significantly higher than the historical average. In light of the aforementioned industry conditions, the Company is expected to benefit significantly from the favorable industry trends and strong growth momentum in the high performance PCB market, and its revenue and profitability are expected to achieve further breakthroughs.

Currently, the industry exhibits two prominent characteristics: structural supply shortage of high-end capacity and persistently tight supply of key materials and equipment. This is altering the fundamental nature of industry competition: competition has evolved from a singular focus on technology or cost into a comprehensive ecosystem competition centered on "certainty of capacity assurance" and "supply chain security." Leading customers are concentrating orders with strategic partners capable of delivering the tripartite value proposition of "technology leadership, reliable delivery, and collaborative innovation." Simple buyer-supplier relationships will be phased out, and deeply integrated "symbiotic relationships" will become mainstream. Consequently, the Company's overarching strategic tone for 2026 is: customer-centricity, with the mission of creating value for customers. We will continue to lead with advanced technology, ensure stable quality, collaborate with industrial chain partners, and secure guaranteed delivery. To achieve this strategic transformation, the Company will fully commit to building and solidifying five strategic pillars in 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

1. *Deepening Technological Capabilities to Build Core Competitiveness*

Advanced Preliminary Research: Focusing on global advanced material and equipment technologies, the Company will closely interact with supplier R&D teams to deploy new materials and their processing techniques required for 224G and higher transmission rates. In conjunction with the needs of leading domestic and international customers, the Company will also deploy the development of new process technologies for signal rates of 224G and above;

Extreme Manufacturing: Establish dedicated task force teams to achieve industry benchmark breakthroughs in yield rates and stability across areas such as ultra-high-layer-count PCBs, ultrafine line circuits, and high-performance products;

Simulation-Driven Design: Conduct specialized internal research and industry-academia-research collaboration to deepen the front-end extension from "manufacturing execution" to "design optimization", thereby providing customers with integrated solutions encompassing both design and manufacturing.

2. *Customer Symbiosis to Create Value for Customers*

Promote Joint Development: Establish technical R&D teams dedicated to strategic customers to participate in customer design and product development from the early stages through the entire process;

Provide Exclusive Value: Explore establishing dedicated capacity units and "one-stop" service teams for top-tier customers to achieve the highest priority response levels;

Deepen Digital Connectivity: Establish data exchange platforms with core customers to enable the sharing and application of demand, production scheduling, and material planning.

3. *Elevating Quality into a Core Strategic Advantage*

Rapid technological iteration presents greater challenges to product reliability and quality stability. Quality management must elevate from "performance assurance" to become a "strategic core" and the "cornerstone of trust";

We will establish a "full-process immune" quality prevention and control system featuring source governance, in-process control, and supply chain collaboration. We will build "forward-looking" quality inspection and reliability verification capabilities, construct reliability testing and failure analysis laboratories for next-generation products, apply AI to quality data mining, and realize the leap from "defect detection" to the "prediction and prevention of potential defects"; and

We will promote a zero-defect culture, instill in all employees the core quality value that "quality depends on design and manufacturing, not on inspection", and drive zero-defect practices by ensuring work is done right the first time.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *Operational Excellence Forging Dual Advantages in Delivery and Resilience*

Capacity Deployment to Ensure Delivery: We will accelerate domestic technological transformation. The Guangzhou and Huangshi bases must expedite and intensify production enhancement and technological transformation efforts to maximize the release of capacity flexibility;

Accelerate Overseas Expansion: Upon achieving full production capacity for Phase I, the Thailand base will initiate Phase II investment planning and construction, thereby establishing a "dual-engine" configuration for global production capacity;

Tackle High-End Projects: Full support will be provided to ensure the construction of the Guangzhou Yunqing Intelligent Manufacturing Project, which will achieve full production by the end of 2026 and lay a solid foundation for undertaking high-end product production in 2027;

Innovate Supply Chain Management to Ensure Security: We will establish strategically symbiotic relationships with core suppliers, shifting from transactional procurement to in-depth collaboration featuring capacity bonding, joint forecasting, as well as dynamic interactive adjustments and modifications.

5. *Ecosystem Deployment to Expand a Sustainable Future*

Talent Development: On the basis of appropriately recruiting high-end talent, the Company will continue to intensify the cultivation of talent through its elite management trainee program to match the technical and managerial talent required for the Company's sustained development. It will also explore localized talent development models in Thailand to provide international talent for the sustained growth of the Thailand facility;

Proactively implement the dual-carbon goals and ESG governance, deeply integrating carbon and emission reduction into new plant construction planning, existing plant technological transformation, and daily operations. The Company will invest substantially in energy management, waste recycling and reuse, and green processes. ESG will be integrated into core operations and the value chain, transforming sustainable development into a competitive advantage.

MANAGEMENT DISCUSSION AND ANALYSIS

Potential Risks Faced by the Company

1. Risks Arising from Macroeconomic and Downstream Market Fluctuations

PCBs serve as critical electronic interconnects in electronic products. Their development is closely linked to downstream industries and significantly correlated with the global macroeconomic environment. Macroeconomic fluctuations can exert varying degrees of impact on the downstream sectors of the PCB industry, thereby influencing the market demand for PCBs. The Company will continue to closely monitor changes in the macroeconomic environment and strengthen internal control management over trade receivables and inventories to safeguard operating cash flow and enhance risk resilience. Concurrently, the Company will actively seize market opportunities and horizontally broaden its business scope to mitigate the impact of segment market fluctuations on its operations.

2. Technology R&D and Application Risks

The iteration cycle for servers is relatively short (averaging two to three years). The ability to continuously synchronize the R&D of server PCB products with the iteration of computing power chips, and whether the Company's R&D and capability building can keep pace with downstream customers' new product iterations, constitute critical factors for maintaining competitiveness in this arena. Should the Company fail to keep pace with the iterative upgrading of server products, or should technology R&D efforts prove unsuccessful, its operating results could be adversely affected.

The Company engages in deep collaboration with server customers, adopting a strategy encompassing "one generation in mass production, one generation in pilot production, and one generation under development." This approach aligns with server customers' diverse application scenarios and multi-model requirements across successive server product generations. The Company's research institute organizes R&D activities centered on fundamental PCB processing technologies, material signal technologies, and PCB product development. It undertakes forward-looking PCB product and technology R&D based on the iteration of chip technology and customers' new product roadmaps. Collaboration with server customers extends from the R&D phase through to mass production, thereby minimizing the probability of R&D failure.

MANAGEMENT DISCUSSION AND ANALYSIS

3. **Risk of Fluctuations in Raw Material Prices**

PCB raw material costs account for a high proportion of the principal business costs. The principal raw materials used in the Company's production and operations include copper-clad laminates, prepregs, copper spheres, copper foils, gold salts, and dry films. The prices of these principal raw materials are significantly affected by international commodities such as copper, gold, and petroleum. Significant fluctuations in raw material prices could materially impact the Company's operating results. The Company maintains long-term and stable cooperative relationships with its suppliers. It will enhance communication with suppliers, appropriately increase safety stock levels for key frequently used materials, and establish diversified sources of supply to mitigate the impact of rising raw material prices. Simultaneously, the Company actively invests in technological innovation and product development, continuously optimizes its order mix through differentiated competition, increases the proportion of high-margin products, and hedges against the negative impact of rising raw material prices.

4. **Exchange Rate Fluctuation Risk**

During the reporting period, export sales revenue accounted for approximately 80% of the Company's principal business revenue for the corresponding period. Export products are primarily denominated in US dollars. Should the Renminbi appreciate significantly in the future, it would, on the one hand, increase the Company's foreign exchange losses, and on the other hand, potentially diminish its price advantage relative to overseas competitors, thereby adversely affecting the Company's operating results. The Company will continuously and closely monitor exchange rate fluctuations and conduct foreign exchange lock-in operations based on the amount of foreign exchange collections from shipments and credit periods to reduce its foreign exchange exposure and mitigate risks associated with exchange rate volatility.

5. **Trade Friction Risk**

During the reporting period, export sales revenue accounted for approximately 80% of the Company's principal business revenue for the corresponding period. Should international trade frictions lead relevant countries to impose restrictive policies, increase tariffs, or adopt other trade protectionist measures against Chinese PCB products, the Company's business development could be adversely affected. The Company will closely monitor changes in the international political and economic landscape and maintain active communication and coordination with overseas customers. To ensure the stability and security of the supply chain, the Company has invested in the construction of its Thailand facility to enhance its ability to respond to trade friction risks.

MANAGEMENT DISCUSSION AND ANALYSIS

6. Risks Associated with the Construction and Operation of Overseas Facilities

During the reporting period, driven by business development needs and the strategy to enhance its overseas footprint, the Company actively advanced the construction and operation progress of its production base in Thailand. Thailand's laws and regulations, supply chain infrastructure, human resources, and cultural characteristics differ significantly from those in China. Consequently, the construction and operation of the Thailand production base entail certain management, operational, and market risks. The Company is leveraging the experiences of industry peers that have expanded into Thailand to swiftly familiarize itself with and adapt to the local business culture and legal framework. It is deploying suitable equipment and technology, actively cultivating relationships with renowned overseas customers, and recruiting international professional and technical talent to safeguard the smooth operation of its Thailand production base.

Liquidity, Reserves, and Capital Structure

The Group maintained a sound financial position during the reporting period. As at June 30, 2026, the Group's cash and cash equivalents amounted to RMB2,512.4 million, representing an increase of 512.2% from RMB410.4 million as at December 31, 2025, primarily due to an increase in proceeds raised from the H Share listing.

As at June 30, 2026, the total equity of the Group amounted to RMB7,928.8 million, representing an increase of RMB3,950.7 million, or 99.3%, from RMB3,978.1 million as at December 31, 2025. Such increase was primarily attributable to the increase in undistributed profit resulting from higher turnover and the corresponding growth in net profit, as well as the increase in equity arising from the H Share listing.

Capital Commitments

The table below sets forth the absolute amounts of the Company's capital commitments as at June 30, 2026 and December 31, 2025:

	June 30, 2026 RMB'000	December 31, 2025 RMB'000
Construction in progress	**3,236,122.0**	1,350,653.4

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

The table below sets forth the absolute amounts of the Company's capital expenditures for the periods from January 1, 2026 to June 30, 2026 and from January 1, 2025, to June 30, 2025:

	For the six months ended June 30, 2026 RMB'000	For the six months ended June 30, 2025 RMB'000
Purchases of items of property, plant and equipment	**1,776,292.1**	502,072.7
Intangible assets	**9,229.7**	10,507.0
Total	**1,785,521.8**	512,579.7

The Company's capital expenditures include purchases items of property, plant and equipment and intangible assets. The Company's capital expenditures increased from RMB512.6 million in first half of 2025 to RMB1,785.5 million in first half of 2026, primarily due to new investments in the Yunqing Project and the expansion of the factory facilities investment.

Significant Events

1. Listing on the Hong Kong Stock Exchange and Global Offering

The Company was listed on Hong Kong Stock Exchange on March 20, 2026 and issued 46,000,000 H Shares. The net proceeds after deducting the direct issue expenses attributable to the new share issuance amounted to approximately HK$3,178.35 million.

2. Adoption of China Accounting Standards for Business Enterprises

The Company, being dual-listed on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange, has been preparing financial reports and disclosing relevant financial information using the China Accounting Standards for Business Enterprises (the "**China Accounting Standards for Business Enterprises**") and the International Financial Reporting Standards, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Hong Kong Stock Exchange in December 2010, a mainland incorporated issuer listed in Hong Kong may prepare its financial reports using the China Accounting Standards for Business Enterprises, and a mainland audit firm recognised by the Ministry of Finance and the China Securities Regulatory Commission is permitted to adopt the PRC Auditing Standard for Certified Public Accountants when providing services to such issuers.

In view of the substantial convergence between the financial reports prepared under the China Accounting Standards for Business Enterprises and those under the International Financial Reporting Standards, and with a view to enhancing work efficiency, the Board considered and approved on May 27, 2026, the Company's proposal to uniformly adopt China Accounting Standards for Business Enterprises in preparing financial reports and disclosing relevant financial information, effective with the Company's 2026 interim report; as well as the non-reappointment of Ernst & Young as the overseas accounting firm of the Company, and the appointment of RSM China CPA LLP as the Company's financial report auditing firm on a universal basis. For details, please refer to the Company's announcement dated May 27, 2026.

3. Convening of the 2025 Annual General Meeting

At its meetings held on March 27, 2026, April 29, 2026 and May 27, 2026, respectively, the Board considered and approved the proposals regarding the declaration of the final dividend for the year 2025, the change of registered capital and the amendment of the Articles of Association, The Resolution on the Election of Non-independent Directors of the Third Session of the Board, The Resolution on the Election of Independent Directors of the Third Session of the Board of Directors, and The Resolution on the Re-appointment of the Auditor for the Year 2026. The above resolutions approved by the Board were considered and approved by the shareholders at the 2025 annual general meeting of the Company held on June 18, 2026. For details, please refer to the Company's announcements dated March 27, 2026, April 29, 2026 and May 27, 2026, the Company's circular dated May 27, 2026, and the Company's announcement dated June 18, 2026.

4. Proposed issuance of A Share Convertible Corporate Bonds to Non-Specific Investors

On June 18, 2026, the first meeting of the third session of the Board of the Company considered and approved The Resolution on Proposed Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors. The Company intends to apply to the Shenzhen Stock Exchange for the issuance of A-share convertible corporate bonds with an aggregate amount of proceeds not exceeding RMB3,600 million (including RMB3,600 million) in the PRC to non-specific Investors. The proposed issuance of A-share convertible corporate bonds remains subject to the approval by the independent shareholders at an extraordinary general meeting, the review and approval by the Shenzhen Stock Exchange, and the registration with the China Securities Regulatory Commission. For details, please refer to the Company's overseas regulatory announcement dated June 22, 2026 and the Company's announcement dated June 22, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Events After the Reporting Period

Since the end of the reporting period, no other significant events have occurred that have had an impact on the Group.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

REPORT OF DIRECTORS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On June 18, 2026, the 1st meeting of the third session of the Board of Directors of the Company considered and approved the "Resolution on Funding the Construction of the Delton Technology Dongguan Smart Manufacturing Headquarters Project and Signing the Investment Agreement". To refine our industrial layout and meet customer needs, the Company intends to enter into the Investment Agreement with the Administrative Committee of Dongguan Waterfront Characteristic Economic Development Zone*（東莞水鄉特色發展經濟區管理委員會）and the People's Government of Machong Town, Dongguan*（東莞市麻涌鎮人民政府）in relation to the Company's plan to invest in and construct the Delton Technology Dongguan Smart Manufacturing Headquarters Project*（廣合科技東莞智造總部項目）in Machong Town, Dongguan Waterfront Economic Zone*（東莞市水鄉經濟區）with a total expected investment amount of RMB6.0 billion (land purchase price inclusive and the final amount is subject to the actual investment). The project will be implemented by the Company or its wholly-owned subsidiary. The Board will seek the Shareholders to grant a Proposed Mandate to the Board in advance for the purpose of participating in the bid for the land use rights of the land through Tender, auction and listing for-sale process voluntarily in order to fulfill the requirements of the PRC law and shall comply with the Listing Rules for all the subsequent investment in the land (if appropriate). Please refer to the Company's overseas regulatory announcement dated June 22, 2026 and the announcement dated June 22, 2026 for details.

Save as disclosed above, the Company did not make or hold any significant investments on a standalone basis during the reporting period (including any investment in an investee company with a value of 5% or more of the Group's total assets as of June 30, 2026), or material acquisitions and disposals of subsidiaries, associates and joint ventures. As of June 30, 2026, the Company also has no plans to make significant investments or purchase capital assets in the future.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group increased from 4,998 as at December 31, 2025 to 6,219 as at June 30, 2026. The total staff costs of the Group for the reporting period amounted to approximately RMB470 million. Save as disclosed above, there have been no significant changes to the Company's remuneration and training policies as compared to those disclosed in the Company's 2025 annual report.

During the reporting period, the Company has established a remuneration management system in accordance with applicable national laws and regulations and taking into account its own operational circumstances, with a view to enhancing its employee remuneration framework. Based on the Company's and each business unit's annual operating targets, performance and value are assessed and remuneration is allocated accordingly. In addition, the Company adopts a diversified remuneration structure, comprising basic salary, performance-based bonuses and benefits and allowances. Basic salary is determined with reference to employees' grades and capabilities, and is designed to be competitive in the market and equitable. Benefits and allowances include statutory social insurance and housing provident fund contributions, festive benefits and health check-ups, providing employees with comprehensive welfare protection.

To continuously enhance employees' overall competencies and professional skills and to support the Company's sustainable development, the Company has formulated a standardised training framework covering induction training, on-the-job training, customised training and a promotion system, with the aim of providing all employees with comprehensive learning and development opportunities. For employees at different positions and levels, the Company has developed detailed customised training programmes to ensure that training content aligns with their respective career development needs. Based on the qualification requirements for each position, the Company organises training and requires each department to formulate, for different positions and grades, "Probationary Training Plans and Implementation Record Forms for Professional, Technical and Management Personnel", which primarily cover knowledge of environment, occupational health and safety management, quality management, specialised statistical tools, company policies, departmental operations, job-specific knowledge and skills, and information security.

REPORT OF DIRECTORS

USE OF PROCEEDS FROM GLOBAL OFFERING

On March 20, 2026, the Company issued 46,000,000 H Shares and listed on the Main Board of the Hong Kong Stock Exchange at an offer price of HK$71.88 per share. The gross proceeds amounted to HK$3,306.48 million (approximately RMB2,906.89 million). After deducting direct issue expenses in connection with the issue of new shares, the net proceeds amounted to approximately HK$3,178.35 million (approximately RMB2,794.25 million) (the net amount per share is approximately HK$69.09).

As of the end of reporting period, there has been no change to the proposed use of the net proceeds as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. If the net proceeds are not immediately used for the proposed purposes, the Company will place the net proceeds in interest-bearing short-term accounts with licensed banks and/or other authorized financial institutions (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or applicable laws and regulations of other jurisdictions).

No over-allotment option was granted in the Global Offering. As of the end of reporting period, there has been no change to the proposed use of the net proceeds as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus:

	Approximate percentage of the total net proceeds raised from the listing (%)	Proposed use of net proceeds (in the same manner and proportion as set out in the Prospectus) (HK$ million)	Actual net proceeds as at the Listing Date (HK$ million)	Net proceeds unutilized as at the end of reporting period (HK$ million)	Expected timeline for full utilization of net proceeds
(I) Used for Thai Base Phase II	**19.7**	**625.8**	**626.13**	**402.22**	**By December 31, 2026**
(A) Used for the purchase and installation of approximately 55 power and environmental protection equipment	5.2	164.9	165.27	162.99	By December 31, 2026
(B) Used for the purchase and installation of approximately 49 image transfer equipment	4.5	143.2	143.03	59.40	By December 31, 2026
(C) Used for the purchase and installation of approximately 157 drilling and milling equipment	4.6	147.4	146.2	83.48	By December 31, 2026
(D) Used for the purchase and installation of approximately 121 inspection and quality control equipment	5.4	170.3	171.63	96.36	By December 31, 2026

REPORT OF DIRECTORS

	Approximate percentage of the total net proceeds raised from the listing (%)	Proposed use of net proceeds (in the same manner and proportion as set out in the Prospectus) (HK$ million)	Actual net proceeds as at the Listing Date (HK$ million)	Net proceeds unutilized as at the end of reporting period (HK$ million)	Expected timeline for full utilization of net proceeds
(II) Used for expanding and upgrading our production facilities in Guangzhou base	**52.1**	**1,655.1**	**1,655.92**	**1,459.25**	**By December 31, 2027**
(A) Used for the purchase and installation of approximately 166 environmental protection equipment	11.8	375.3	375.05	282.07	By December 31, 2027
(B) Used for the purchase and installation of approximately 793 image transfer equipment	11.5	364.7	365.51	303.70	By December 31, 2027
(C) Used for the purchase and installation of approximately 332 drilling and milling equipment	13.9	442.6	441.79	425.44	By December 31, 2027
(D) Used for the purchase and installation of approximately 176 wet processing and associated inspection equipment	14.9	472.5	473.57	448.04	By December 31, 2027
(III) Used for enhancing our R&D capabilities	**10.0**	**317.5**	**317.84**	**200.64**	**By December 31, 2026**
(IV) Used for pursuing strategic partnerships, investments or acquisitions	**8.2**	**259.3**	**260.62**	**260.62**	**By December 31, 2026**
(V) Used for working capital and other general corporate uses	**10.0**	**317.5**	**317.84**	**0.00**	**By December 31, 2026**
Total	**100%**	**3,175.2**	**3,178.35**	**2,322.73**	**–**

The expected timeline for utilization of the remaining unutilized net proceeds is based on the best estimation of the future market conditions made by the Company with reference to the then prevailing market condition which might be subject to changes in accordance with the change in market conditions from time to time. The Company will utilize these proceeds within a reasonable timeframe in accordance with actual business requirements and in the best interests of shareholders.

REPORT OF DIRECTORS

Share Incentive Plans

As at the date of the Report, save for the incentive plans set out below, the Company has not granted or agreed to grant any share options to any of its Directors, chief executive, substantial Shareholders, their respective associates, or employees of the Company or its subsidiaries.

1. 2024 Restricted Share Incentive Plan

Our Company adopted the 2024 Restricted Share Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Restricted Share Incentive Plan. The terms of 2024 Restricted Share Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Restricted Share Incentive Plan does not involve any grant of restricted Shares by our Company after our Listing.

(a) Purpose of the plan

The purpose of the 2024 Restricted Share Incentive Plan is to further enhance our Company's long-term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Restricted Share Incentive Plan is implemented to align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests.

(b) Administration

The 2024 Restricted Share Incentive Plan is subject to the approval, administration by the Board and supervision by the independent Directors of our Company.

(c) Participants

The eligible participants of the 2024 Restricted Share Incentive Plan include mid-level management members, key personnels and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children.

REPORT OF DIRECTORS

(d) *Source and maximum number of Shares*

The Shares underlying the 2024 Restricted Share Incentive Plan shall be A Shares issued by the Company or repurchased from secondary market. The maximum number of restricted Shares that can be granted under the 2024 Restricted Share Incentive Plan is 3,800,000.

(e) *Date of grant and term of the plan*

The date on which the restricted Shares are granted shall be determined by the Board within 60 days from the date of approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The grant of restricted Shares is subject to the approval of the Board and shall be registered and announced within 60 days after approval of the 2024 Restricted Share Incentive Plan by Shareholders' meeting. The 2024 Restricted Share Incentive Plan will be effective from the date of completion of the grant of restricted Shares under such plan until the date on which the restricted Shares granted under such plan are no longer subject to any lock-up or have been repurchased and canceled, provided that the term of the 2024 Restricted Share Incentive Plan shall not exceed 54 months.

(f) *Lock-up for Directors and senior management*

If the grantee is a Director or a senior management of our Company: (i) during their employment with our Company, the Shares to be transferred by him/her in each year shall not exceed 25% of the total Shares he or she holds; (ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with our Company; (iii) income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to our Company and will be forfeited by the Board; and (iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with such amended laws and regulations.

(g) *Conditions to the grant*

The restricted Shares under the 2024 Restricted Share Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company: (a) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year; (b) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year; (c) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (d) applicable laws and regulations prohibit the implementation of share incentive; or (e) any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred: (a) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (b) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months; (c) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months; (d) the grantee is not qualified to serve as a director or senior management according to the Company Law; (e) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or (f) any other circumstances as determined by the CSRC.

REPORT OF DIRECTORS

(h) Unlocking and vesting of restricted Shares

During the lock-up period, the restricted Shares granted to the grantee shall not be transferred or used as guarantee or for repayment of debt.

In addition, the restricted Shares will only be unlocked when (i) the conditions set out under paragraph (g) above are fulfilled and (ii) the annual assessment and performance targets as set out under the 2024 Restricted Share Incentive Plan are achieved.

In respect of non-special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows: (i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 12 months from the date of grant and the last trading day after expiration of 24 months from the date of grant; (ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 24 months from the date of grant and the last trading day after expiration of 36 months from the date of grant; and (iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 36 months from the date of grant and the last trading day after expiration of 48 months from the date of grant.

In respect of special grants, the restricted Shares will be unlocked after the lock-up period in accordance with the unlocking schedule as set out in the 2024 Restricted Share Incentive Plan as follows: (i) unlocked in tranches of 40% during the unlocking period that occurs between the first trading day after expiration of 18 months from the date of grant and the last trading day after expiration of 30 months from the date of grant; (ii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 30 months from the date of grant and the last trading day after expiration of 42 months from the date of grant; and (iii) unlocked in tranches of 30% during the unlocking period that occurs between the first trading day after expiration of 42 months from the date of grant and the last trading day after expiration of 54 months from the date of grant.

Each of the grantees is required to pay a grant price of RMB17.39 per Share to purchase the A Shares from our Company upon fulfillment of all conditions in respect of the restricted Shares.

The number of restricted Shares granted and/or the grant prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing etc. Our Company may repurchase the restricted Shares upon the occurrence of certain events set forth in the 2024 Restricted Share Incentive Plan (including but not limited to where there is a change in the grantee's position or termination of his/her employment). Pursuant to the price adjustment mechanism and other terms and conditions as set forth in the 2024 Restricted Share Incentive Plan, the price payable by our Company for the repurchases of restricted Shares shall be equivalent to the grant price of the relevant restricted Shares.

REPORT OF DIRECTORS

(i) Dividend and voting rights

Prior to the unlocking of the restricted Shares, the restricted Shares (including the right to receive dividends and right to vote) shall be locked. Upon registration of transfer of the A Shares by our Company, the grantees of restricted Shares will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and voting rights.

(j) Outstanding Restricted A Shares

As of the June 30, 2026, the number of outstanding Restricted A Shares granted under the 2024 Restricted Share Incentive Plan was 2,294,100 Shares (including 18,600 restricted Shares proposed for repurchase and cancellation), representing approximately 0.49% of our total issued Shares:

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the 2024 Restricted Share Incentive Plan as of June 30, 2026:

Name of grantee	Position in our Group	Date of grant	Number of outstanding Restricted A Shares	Grant Price	Unlocking period	Approximate percentage of total issued Shares(1)
Connected persons						
Mr. Zeng Zhijun	Director of Thailand Delton	November 14, 2024	36,000	RMB17.39	Note 2	0.01%

Notes:

(1) The calculation is based on the total number of Shares of the Company in issue as of June 30, 2026, consisting of 46,000,000 H Shares and 426,709,164 A Shares, for a total of 472,709,164 shares.

(2) 40%, 30% and 30% of the restricted Shares granted to Mr. Zeng Zhijun will be unlocked in the three vesting periods occurring between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant.

As of June 30, 2026, 1,070,152 restricted A Shares (being 29.73% of the grant) have been unlocked, 235,748 restricted A Shares have been repurchased and canceled, 18,600 restricted A Shares are proposed to be repurchased and canceled, and 2,275,500 restricted A Shares remained outstanding and subject to the lock-up restrictions.

REPORT OF DIRECTORS

2. 2024 Share Option Incentive Plan

The Company adopted the 2024 Share Option Incentive Plan on October 17, 2024. The following is a summary of the principal terms of the 2024 Share Option Incentive Plan.

The terms of 2024 Share Option Incentive Plan are not subject to the relevant provisions of Chapter 17 of the Listing Rules as the 2024 Share Option Incentive Plan does not involve any grant of restricted Shares by the Company after its Listing.

(a) Purpose of the plan

The purpose of the 2024 Share Option Incentive Plan is to further enhance our Company's long term incentive mechanism and to attract, retain top talent and effectively motivate our employees. The 2024 Share Option Incentive Plan is implemented to effectively align the interests of our Shareholders with that of our Company and our core employees, which will benefit the long-term development of our Group by striking a balance between contribution and reward, while safeguarding our Shareholders' interests.

(b) Administration of the plan

The 2024 Share Option Incentive Plan is subject to the approval of the Shareholders' meetings, administration by the Board and supervision by the independent Directors of our Company.

(c) Participants of the plan

The eligible participants of the 2024 Share Option Incentive Plan include mid-level management members, key personnel and high-potential employees of our Company (including our subsidiaries), and exclude independent Directors, Shareholders or actual controllers who individually or collectively hold 5% or more of our Shares, and their respective spouses, parents, and children. The total number of A Shares issued and to be issued after the exercise of the share options (including both exercised and outstanding share options) granted to each participant during any 12-month period shall not exceed 1% of the total issued A Share capital of the Company.

(d) Source and maximum number of options

The Shares underlying the options to be granted under the 2024 Share Option Incentive Plan shall be A Shares issued by the Company. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The maximum number of options that can be granted under the 2024 Share Option Incentive Plan is 3,800,000, which may be exercisable into 2,300,740 A Shares (excluding the 18,600 share options proposed for cancellation), representing 0.54% of the issued A Shares and 0.49% of the total share capital of the Company as at the date of the Report.

REPORT OF DIRECTORS

(e) *Date of grant and duration of the plan*

The first grant of options to the participants shall be determined, announced and registered within 60 days upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting. The participants for the grant of reserved options shall be specified within 12 months upon approval of the 2024 Share Option Incentive Plan by the Shareholders' meeting, otherwise the reserved options shall become invalid. The options under 2024 Share Option Incentive Plan shall be valid from the date of the first grant of the options until all such options granted to the participants are fully exercised or canceled, provided that the term of the 2024 Share Option Incentive Plan shall not exceed 54 months (with approximately 34 months remaining as at the date of the Report).

(f) *Conditions to the grant of options*

The share options under the 2024 Share Option Incentive Plan will only be granted to selected participants if the following conditions are met:

(i) The following circumstances have not occurred with respect to our Company: (a) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our Company's accountant's report for the most recent fiscal year; (b) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control of the financial report for the most recent fiscal year; (c) our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing; (d) applicable laws and regulations prohibit the implementation of share incentive; or (e) any other circumstances as determined by the CSRC; and

(ii) with respect to a grantee, none of the following circumstances having occurred: (a) the grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months; (b) the grantee has been regarded as an inappropriate person by the CSRC and its local office within the last 12 months; (c) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations within the last 12 months; (d) the grantee is not qualified to serve as a director or senior management according to the Company Law; (e) the grantee is prohibited from participating in any share incentive of listed companies according to applicable laws and regulations; or (f) any other circumstances as determined by the CSRC.

No consideration is payable for the options granted under the 2024 Share Option Incentive Plan.

REPORT OF DIRECTORS

(g) *Exercise of options*

Options may be exercised by a grantee provided that (1) the conditions set out under paragraph (f) above are still satisfied during the exercise period; and (2) corporate-level performance evaluation, business unit and subsidiary-level performance evaluation, and individual-level performance evaluation as set out under the 2024 Share Option Incentive Plan are satisfied. The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision and consolidation of shares, share placing and distribution of dividends.

The exercise schedules of the options granted under the 2024 Share Option Incentive Plan are either: (1) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 12 months from the date of grant and the last trading day up to 48 months from the date of grant for non-special grants; or (2) exercisable in tranches of 40%, 30% and 30% in each of the three 12-month exercise periods that occur between the first trading date after 18 months from the date of grant and the last trading day up to 54 months from the date of grant for special grants.

The exercise of the options granted shall be on a trading day, which shall not fall within the following periods: (1) 30 days before the publication of annual report or interim report. If the publication date is delayed for special reasons, the period shall be 30 days before the original publication date to the actual publication date; (2) 10 days before the publication of earnings forecast, preliminary earnings estimate or quarterly report; (3) the period starting from the date of occurrence of any significant event that may have a material impact on the trading price of the Shares and its derivatives or the commencement of decision-making process in respect of such event to the date of announcement of such event; and (4) any other period stipulated by the CSRC and the Shenzhen Stock Exchange.

The exercise price of the share options to be granted under the 2024 Share Option Incentive Plan is determined in accordance with the following pricing basis:

The higher of (i) the average trading price of the A Shares on the trading day immediately preceding the announcement of the 2024 Share Incentive Plan; and (ii) the average trading price of the A Shares over the 20 trading days preceding the announcement of the 2024 Share Incentive Plan.

The grantees must exercise their options within the exercise period of the respective options. Upon the expiry of the exercise period, options granted but not exercised will cease to be exercisable and shall be canceled by the Company.

REPORT OF DIRECTORS

(h) Outstanding options

As of June 30, 2026, the number of A Shares underlying the outstanding options granted under the 2024 Share Option Incentive Plan amounted to 2,300,740 A Shares (excluding the 18,600 Shares proposed for cancellation), representing approximately 0.49% of the total issued share capital as at June 30, 2026. As at June 30, 2026, the outstanding options were held by 282 grantees. Assuming full exercise of all outstanding options granted under the 2024 Share Option Incentive Plan, the issued and outstanding shareholding of the Shareholders as at June 30, 2026 will be diluted by approximately 0.48%. The dilution effect on our earnings per Share would be approximately 0.26%.

The table below sets forth the details of options granted to (i) the grantees who are Directors, members of senior management or connected persons of our Company, and (ii) other grantees who have been granted options to subscribe for an aggregate number of 30,000 or more A Shares under the 2024 Share Option Incentive Plan which were outstanding as of June 30, 2026:

Name of grantee	Position in our Company	Date of grant	Vesting period	Exercise period	Exercise price	Number of A Shares underlying the outstanding share options as at the beginning of the reporting period	Number of A Shares underlying the share options granted during the reporting period	Number of A Shares underlying the share options exercised during the reporting period	Number of A Shares underlying the share options lapsed during the reporting period	Number of A Shares underlying the outstanding share options at the end of the reporting period	Approximate percentage of the number of A Shares underlying the outstanding share options granted as at the end of the reporting period [1]
Connected person											
Mr. Zeng Zhijun	Director of Thailand Delton	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	36,000	0	0	0	36,000	0.01%
Other grantees with options for 30,000 A Shares or more											
Mr. Jin Dunquan	Head of the manufacturing department of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	0	24,000	0	36,000	0.01%
Mr. Ji Chengguang	Head of the manufacturing engineering department of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	60,000	0	24,000	0	36,000	0.01%
Mr. Yang Boren	Head of the marketing center of our Company	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	36,000	0	0	0	36,000	0.01%

REPORT OF DIRECTORS

Name of grantee	Position in our Company	Date of grant	Vesting period	Exercise period	Exercise price	Number of A Shares underlying the outstanding share options as at the beginning of the reporting period	Number of A Shares underlying the share options granted during the reporting period	Number of A Shares underlying the share options exercised during the reporting period	Number of A Shares underlying the share options lapsed during the reporting period	Number of A Shares underlying the outstanding share options at the end of the reporting period	Approximate percentage of the number of A Shares underlying the outstanding share options granted as at the end of the reporting period (1)
Mr. Shen Wei	Head of the technical innovation department of our Company	November 14, 2024	18 months	May 14, 2026 to May 13, 2029	RMB35.25	40,000	16,000	16,000	0	24,000	0.01%
Mr. Shu Hailong	Head of the manufacturing department of our Company	November 14, 2024	18 months	May 14, 2026 to May 13, 2029	RMB35.25	30,000	12,000	12,000	0	18,000	0.01%
Mr. Gao Weihua	Senior manager of the manufacturing department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	0	0	0	30,000	0.01%
Mr. Yang Shaobo	Head of the quality control department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	0	0	0	30,000	0.01%
Ms. Xie Peizhen	Head of the human resources department of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	30,000	0	0	0	30,000	0.01%
Mr. Yang Changhai	Assistant to the general manager of our Company	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	40,000	0	0	0	40,000	0.01%

Note:

(1) The calculation is based on the total number of Shares of the Company in issue as of June 30, 2026, consisting of 46,000,000 H Shares and 426,709,164 A Shares, for a total of 472,709,164 Shares.

REPORT OF DIRECTORS

The table below sets out details of the outstanding share options granted under the 2024 Share Option Incentive Plan as at the end of the reporting period to other grantees (excluding (i) the aforesaid directors, members of the Company's senior management or connected persons, and (ii) other grantees who have been granted options to subscribe for an aggregate of 30,000 or more A Shares and such options remained outstanding as at June 30, 2026), by class of underlying shares:

By number of underlying A Shares	Number of grantees	Date of grant	Vesting period	Exercise period	Exercise price	Number of A Shares underlying the outstanding share options as at the beginning of the reporting period	Number of A Shares underlying the share options granted during the reporting period	Number of A Shares underlying the share options exercised during the reporting period	Number of A Shares underlying the share options lapsed during the reporting period	Number of A Shares underlying the outstanding share options as at the end of the reporting period	Approximate percentage of the number of A Shares underlying the outstanding share options granted as at the beginning of the reporting period [1]
1 to 29,999	172	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	1,344,770	0	97,530	0	1,247,240	0.26%
	27	November 14, 2024	18 months	May 14, 2026 to May 13, 2029	RMB35.25	325,000	126,400	112,400	3,600	209,000	0.04%
	69	September 23, 2025	12 months	September 23, 2027 to September 22, 2028	RMB35.25	460,000	0	0	0	460,000	0.10%
	4[2]	November 14, 2024	12 months	November 14, 2025 to November 13, 2028	RMB35.25	28,500	0	0	0	28,500	0.01%
		September 23, 2025	18 months	May 14, 2026 to May 13, 2029	RMB35.25	40,000	0	0	0	40,000	0.01%

Notes:

(1) The calculation is based on the total number of Shares of the Company in issue as of June 30, 2026, consisting of 46,000,000 H Shares and 426,709,164 A Shares, for a total of 472,709,164 Shares.

(2) Four grantees have been granted share options on both November 14, 2024 and September 23, 2025.

REPORT OF DIRECTORS

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES

As the Company had not been listed on the Main Board of the Hong Kong Stock Exchange as at March 19, 2026, Divisions 7 and 8 of Part XV and Section 352 of the SFO were not applicable to the Directors and chief executives of the Company as at March 19, 2026.

As at June 30, 2026, the interests and short positions of the Directors and 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 (Chapter 571 of the Laws of Hong Kong)) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and chief executives of the Company are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Name	Position	Nature of interest	Number and class of Shares or underlying shares held (1)	Approximate percentage of interest in the respective class of Shares in issue (2)	Approximate percentage of interest in the Shares in issue (2)
Mr. Xiao Hongxing (3)(4)(5)(6)	Chairman of the Board and executive Director	Interest in controlled corporation	228,808,321 A Shares (L)	53.62%	48.40%
Ms. Liu Jinchan (6)	Non-executive Director	Interest of spouse	228,808,321 A Shares (L)	53.62%	48.40%
Ms. Zeng Hong (7)	Executive Director and general manager	Interest in controlled corporation	43,249,099 A Shares (L)	10.14%	9.15%

(1) The letter “L” denotes a long position.

(2) The calculation is based on the total number of Shares of the Company in issue as of June 30, 2026, consisting of 46,000,000 H Shares and 426,709,164 A Shares, for a total of 472,709,164 Shares.

(3) As of June 30, 2026, Zhenyun Investment was held as to 99.90% by Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Zhenyun Investment.

(4) As of June 30, 2026, the general partner of Guangsheng Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangsheng Investment.

REPORT OF DIRECTORS

(5) As of June 30, 2026, the general partner of Guangcai Investment was Mr. Xiao. By virtue of the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangcai Investment.

(6) Mr. Xiao and Ms. Liu are spouses. By virtue of the SFO, they are deemed to be interested in the Shares held by each other.

(7) As of June 30, 2026, the general partner of Guangxie Investment was Ms. Zeng Hong, our executive Director and general manager. By virtue of the SFO, Ms. Zeng is deemed to be interested in the Shares held by Guangxie Investment.

Save as disclosed above, as at June 30, 2026, none of the Directors and chief executive of the Company or their associates had any interests or short positions in the Shares, underlying shares and debentures of the Company or the associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange. None of the Directors and chief executive of the Company or their spouse or children under the age of 18 held any options to subscribe Shares, underlying shares or debentures of the Company, nor had there been any exercise of any such options.

Save as disclosed in this report, no arrangement has been entered into between the Company, its holding company or its subsidiaries during any time in the reporting period, which would allow the Directors and chief executive of the Company to be benefited by acquiring the Shares, underlying shares or debentures of the Company or other body corporates.

Interests and Short Positions of the Substantial Shareholders in the Shares and Underlying Shares

As at June 30, 2026, to the best of the knowledge of the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or a 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 as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of Shares (1)	Approximate percentage of interest in class of Shares in issue (2)	Approximate percentage of interest in Shares in issue (2)
Mr. Xiao (3)(4)(5)(6)	Interest in controlled corporation	228,808,321 A Shares (L)	53.62%	48.40%
Ms. Liu (6)	Interest of spouse	228,808,321 A Shares (L)	53.62%	48.40%
Ms. Zeng Hong (7)	Interest in controlled corporation	43,249,099 A Shares (L)	10.14%	9.15%
Zhenyun Investment (3)	Beneficial owner	171,142,853 A Shares (L)	40.11%	36.20%

REPORT OF DIRECTORS

Name of Shareholders	Nature of interest	Number of Shares (1)	Approximate percentage of interest in class of Shares in issue (2)	Approximate percentage of interest in Shares in issue (2)
Guangxie Investment (7)	Beneficial owner	43,249,099 A Shares (L)	10.14%	9.15%
Guangsheng Investment (4)	Beneficial owner	28,832,734 A Shares (L)	6.76%	6.10%
Guangcai Investment (5)	Beneficial owner	28,832,734 A Shares (L)	6.76%	6.10%
UBS Group AG(8)	Interest in controlled corporation	4,630,499 H Shares (L)	10.07%	0.98%
UBS Asset Management (Europe) S.A. (8)	Investment manager	3,012,400 H Shares (L)	6.55%	0.64%
Jiang Jinzhi (9)(10)(11)	Interest in controlled corporation	3,597,800 H Shares (L)	7.82%	0.76%
Greenwoods Asset Management Hong Kong Limited (9)(10)	Interest in controlled corporation	3,175,200 H Shares (L)	6.90%	0.67%
Invest Partner Group Limited (9)(11)	Interest in controlled corporation	3,175,200 H Shares (L)	6.90%	0.67%
Golden China Master Fund (9)	Beneficial owner	2,892,300 H Shares (L)	6.29%	0.61%
Value Partners Group Limited (12)	Interest in controlled corporation	3,264,500 H Shares (L)	7.10%	0.69%
Value Partners Hong Kong Limited (12)	Investment manager	2,718,400 H Shares (L)	5.91%	0.58%
Fullgoal Fund Management Company Limited	Investment manager	2,958,408 H Shares (L)	6.43%	0.63%

REPORT OF DIRECTORS

(1) The letter "L" denotes a long position.

(2) The calculation is based on the total number of Shares of the Company in issue as of June 30, 2026, consisting of 46,000,000 H Shares and 426,709,164 A Shares, for a total of 472,709,164 Shares.

(3) As of June 30, 2026, Zhenyun Investment was held as to 99.90% by Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the Shares held by Zhenyun Investment.

(4) As of June 30, 2026, the general partner of Guangsheng Investment is Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangsheng Investment.

(5) As of June 30, 2026, the general partner of Guangcai Investment is Mr. Xiao. Under the SFO, Mr. Xiao is deemed to be interested in the Shares held by Guangcai Investment.

(6) Mr. Xiao and Ms. Liu are spouses. Under the SFO, each of them is deemed to be interested in the Shares held by the other.

(7) As of June 30, 2026, the general partner of Guangxie Investment is Ms. Zeng Hong, our executive Director and general manager. Under the SFO, Ms. Zeng is deemed to be interested in the Shares held by Guangxie Investment.

(8) UBS Group AG indirectly holds the relevant interests through a series of corporations under its control.

(9) Jiang Jinzhi indirectly holds the relevant interests through a series of corporations under his control, including interests in unlisted derivatives (cash settled: 245,800 Shares (long position)).

(10) Greenwoods Asset Management Hong Kong Limited indirectly holds the relevant interests through a series of corporations under its control.

(11) Invest Partner Group Limited indirectly holds the relevant interests through a series of corporations under its control.

(12) Value Partners Group Limited indirectly holds the relevant interests through a series of corporations under its control.

Save as disclosed above, as at June 30, 2026, no person (other than the Directors or chief executive of the Company) had any interest or short position in the Shares or underlying Shares that was recorded in the register required to be maintained by the Company pursuant to Section 336 of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

Changes in Shareholdings

(1) During the reporting period, there were no changes in the shareholdings of the existing Directors and senior management of the Company or those who resigned during the reporting period.

(2) During the reporting period, no Directors or senior management were granted any equity incentives.

Other Information

Each Director has confirmed that (i) he/she has obtained the legal opinion referred to in Rule 3.09D of the Listing Rules on May 26, 2025 (for Mr. Xiao Hongxing, Ms. Zeng Hong, Mr. Peng Jinghui and Ms. Liu Jinchan), May 26, 2025 (for Ms. Chen Limei and Dr. Shi Ling), and June 17, 2026 (for Ms. Zhang Jin), respectively, and (ii) he/she is aware of his/her responsibilities as a director of a listed issuer under the Listing Rules. Each independent non-executive Director has confirmed in writing (i) his/her independence with respect to each of the factors set out in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries, or any connection with any core connected person of the Company, and (iii) that there are no other factors that could affect his/her independence at the time of his/her appointment.

Each Director has confirmed that he/she does not have any interest in any business (other than the business of the Group) that competes or may compete, directly or indirectly, with our business, which is required to be disclosed under Rule 8.10 of the Listing Rules.

Changes in Directors and Senior Management during the Reporting Period

The Company convened an employees' representative meeting on June 15, 2026. Following a vote by the employee representatives in attendance, the employees' representative meeting elected Mr. Peng Jinghui as an employee Director on the third session of the Board. His term of office became effective from June 18, 2026 and shall continue until the expiry of the term of the third session of the Board.

On June 18, 2026, the Company convened its 2025 annual general meeting, at which the resolutions in relation to the proposed re-election and election of Directors of the third session of the Board were considered and approved, including:

(i) Mr. Xiao Hongxing and Ms. Zeng Hong were nominated for re-election as executive Directors;

(ii) Ms. Liu Jinchan was nominated for re-election as a non-executive Director; and

(iii) Ms. Chen Limei and Dr. Shi Ling were nominated for re-election as independent non-executive Directors.

DIRECTORS AND SENIOR MANAGEMENT

Pursuant to the Articles of Association, China Securities Investor Services Center Limited Liability Company (中證中小投資者服務中心有限責任公司) and Guangdong Yueke Zhenyue No.1 Equity Investment Partnership (Limited Partnership) (廣東粵科振粵一號股權投資合夥企業(有限合夥)), being Shareholders collectively holding more than 1% of the Shares of the Company, jointly nominated Ms. Zhang Jin, a candidate for independent non-executive Director as a member of the third session of the Board.

The resolutions regarding the election of Mr. Xiao Hongxing, Ms. Zeng Hong, Ms. Liu Jinchan, Ms. Chen Limei, Dr. Shi Ling and Ms. Zhang Jin as Directors of the Company were considered and approved at the 2025 annual general meeting, and their terms of office became effective from June 18, 2026 and shall continue until the expiry of the term of the third session of the Board.

In addition, the term of Ms. Li Ying, the former independent non-executive Director of the Company, expired upon the conclusion of the 2025 annual general meeting. Ms. Li Ying has confirmed that she has no disagreement with the Board and that there are no matters relating to her retirement that need to be brought to the attention of the shareholders of the Company or the Stock Exchange. Ms. Li Ying ceased to hold any position in the Company or its subsidiaries with effect from June 18, 2026.

For details, please refer to the announcements of the Company dated May 27, 2026, June 15, 2026 and June 18, 2026, and the circular of the Company dated May 27, 2026.

Save as disclosed in this report, during the reporting period, there were no changes in the Directors and senior management of the Company, and no changes in the Directors and senior management of the Company have occurred after the reporting period and up to the date of this report.

Changes in Directors and Senior Management after the Reporting Period

Nil

Changes in Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the Directors required to be disclosed are set out below:

Save as disclosed in this report, there were no changes in the information regarding the Company's Directors during the reporting period.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Company has established the Audit Committee in compliance with the requirements of the Corporate Governance Code, with its terms of reference clearly defined in writing.

The Audit Committee of the Company comprises two independent non-executive Directors and one non-executive Director. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed financial reporting matters, including the review of the Group's interim consolidated annual financial statements for the six months ended June 30, 2026. It has also discussed matters relating to risk management and internal controls, and is of the view that the interim results and financial statements for the year comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made.

The members of the Committee meet regularly with the Company's management and the external auditors, and review the external auditors' review reports and audit reports (as applicable), as well as the interim and annual financial statements, as the case may be. The Audit Committee has reviewed the unaudited interim financial information for the six months ended June 30, 2026 and has recommended its adoption to the Board.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards to safeguard the interests of shareholders. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and improve its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis for the corporate governance practices of the Company.

As the Company's H Shares were not listed on the Stock Exchange as of March 19, 2026, the CG Code were not applicable to the Company during the period up to March 19, 2026 but has applied to the Company since the Listing date.

In the opinion of the Board, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing date to the date of the Report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Xiao Hongxing and Ms. Zeng Hong respectively. The Chairman is primarily responsible for leading the Board, formulating the Group's overall corporate development and strategic plans, and steering the directions of the Group's strategies and corporate culture, which ensures that the Company remains competitive within a dynamic market. By providing clear vision and leadership, the Chairman also guides the management team in driving sustainable, long-term growth. The Chief Executive Officer is in charge of the overall operations and management. This includes leading the senior management team and ensuring the effective implementation of business strategies to promote the Company's continued growth. Meanwhile, she is also responsible for monitoring operational efficiency and fostering cross-departmental collaboration to enhance overall corporate performance.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct for securities transactions in the Company's securities by its directors.

As the Company's H Shares were not listed on the Stock Exchange prior to March 19, 2026, the relevant rules under the Model Code did not apply to the Company's directors during the period up to March 19, 2026.

Having made specific enquiries of all Directors, each Director has confirmed that they have strictly complied with the Model Code from the Listing date up to the date of this report. The Company has also established the Administrative System for the Registration and Management of Persons with Access to Inside Information to govern securities transactions by employees who, by virtue of their positions or employment, may have access to inside information regarding the Company or its securities, the terms of which are no less exacting than those of the Model Code.

Repurchase, Redemption or Sale of the Company's Listed Securities

Pursuant to the rules of the restricted share incentive scheme, the Company repurchased and cancelled certain restricted A Shares granted to certain incentive participants (Repurchase Incentive Participants) (the Repurchase and Cancellation). None of the Repurchase Incentive Participants is a connected person of the Company. The special resolutions in respect of the Repurchase and Cancellation were submitted to, and approved by, the extraordinary general meeting of the Company. A summary of such Repurchase and Cancellation is set out below:

(1) During April 24, 2026, an aggregate of 23,248 restricted A Shares granted to certain incentive participants under the Scheme were repurchased and cancelled, with a total consideration of RMB404,282.72 at a repurchase price of RMB17.39 per Share.

CORPORATE GOVERNANCE REPORT

(2) As of 30 June 2026, an aggregate of 18,600 restricted A Shares granted to certain incentive participants under the Scheme are proposed to be repurchased and cancelled. The resolution for the repurchase and cancellation of the aforesaid restricted A Share was approved by the 2025 annual general meeting held on June 18, 2026 and had not yet been executed.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, redeemed, or sold any of the Company's listed securities during the reporting period ended June 30, 2026. The Company did not hold any treasury shares as at June 30, 2026.

Payment of an Interim Dividend

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

Communication With Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other Shareholders' meetings. At the general meeting, Directors and the senior management are available to meet Shareholders and answer their enquiries, which helps them understand the Company's operations.

Public Float

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H Shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H Shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

To the best knowledge of the Directors, at the time of listing, all of the 46,000,000 H Shares issued under the Global Offering were held by the public and counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules. Following the completion of the Global Offering, the market value of the H Shares held by the public was approximately HK$3.31 billion (based on the Offer Price of HK$71.88 per H Share), which exceeded the HK$3.0 billion minimum market value of H Shares required to be held by the public under Rule 19A.13A(2) of the Listing Rules. Accordingly, at the time of listing, the Company satisfied the public float requirement under Rule 19A.13A(2) of the Listing Rules.

From the completion of the Global Offering to June 30, 2026, the Company has complied with the sufficient public float requirement under Rule 19A.28B(2) of the Listing Rules. The number of H Shares held by the public represent 9.74% of the total issued shares in the relevant class of the Company's H Shares, which satisfies the requirement under Rule 19A.28B(2) of the Listing Rules that the number of H Shares held by the public must represent at least 5% of the total issued shares (excluding treasury shares) in the relevant class of the Company's H Shares.

CORPORATE GOVERNANCE REPORT

Amendments to Constitutional Documents

At the first extraordinary general meeting of 2025 held on March 16, 2026, the Company considered and approved the Resolution regarding the Proposed Amendments to Articles of Association (Draft) and Relevant Rules of Procedures of Delton Technology (Guangzhou) Inc. to take effect upon the Issuance and Listing of H Shares. For the issuance of H Shares and the listing thereof on the Stock Exchange, the Company amended its Articles of Association and the appendices thereto, which took effect from the Listing date.

At the 2025 annual general meeting held on June 18, 2026, the Company considered and approved the resolution in relation to the proposed change of the registered capital of the Company and the amendments to the Articles of Association. In view of the fact that the Company has (i) granted the reserved portion of restricted shares and repurchased and cancelled certain restricted shares; (ii) completed the exercise of share options on its own initiative; and (iii) completed the issuance of H Shares and the listing of such H Shares on the Stock Exchange, the Company amended its registered capital and the relevant provisions of the Articles of Association based on the current circumstances of the Company, which took effect from June 18, 2026.

Save as disclosed above, there were no changes to the Articles of Association from the Listing Date to June 30, 2026. The latest version of the Articles of Association is also available on the websites of the Company and the Stock Exchange.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of Delton Technology (Guangzhou) Inc.

We have reviewed the attached financial statements of Delton Technology (Guangzhou) Inc. (hereinafter referred to as "Delton Technology" or the "Company"), which comprise the consolidated and the parent company's balance sheet as at June 30, 2026, the consolidated and the parent company's statement of income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in owners' equity for the period from January to June 2026, and the notes to the financial statements. The preparation of these financial statements is the responsibility of the management of Delton Technology (Guangzhou) Inc., and our responsibility is to issue a review report on these financial statements based on the review work performed.

We conducted our review in accordance with Chinese Standard on Review Engagements No. 2101 — Review of Financial Statements (《中國註冊會計師審閱準則第2101號—財務報表審閱). This standard requires us to plan and perform review engagements to obtain limited assurance as to whether the financial statements are free from material misstatement. This review is primarily limited to making enquiries of company personnel and applying analytical procedures to financial data, providing a lower level of assurance than an audit. We did not perform an audit, and accordingly, we do not express an audit opinion.

Based on our review, we have not noted any matters that lead us to believe that the financial statements were not prepared in accordance with the Accounting Standards for Business Enterprises, or that they fail to present fairly, in all material respects, the consolidated and the parent company's financial position as at June 30, 2026, as well as the consolidated and the parent company's operating results and cash flows for the period from January to June 2026 of Delton Technology.

RSM China CPA LLP

(Special General Partnership)

Beijing, China

PRC Certified Public Accountant:

YANG Gan Lin (Engagement Partner)

PRC Certified Public Accountant:

LIN Qing Tao

August 7, 2026

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2026

Item	Notes	June 30, 2026	December 31, 2025
Current assets:			
Cash and cash equivalent	V.1	**2,642,327,035.76**	519,789,358.85
Financial assets held for trading	V.2	**–**	190,468,256.85
Derivative financial assets	V.3	**13,202,084.83**	3,044,546.68
Bills receivables	V.4	**131,020,389.90**	113,487,881.88
Trade receivables	V.5	**2,833,725, 181.65**	1,936,629,259.26
Receivables financing	V.6	**543,048.58**	11,865,459.16
Prepayments	V.7	**19,292,078.50**	12,961,992.39
Other receivables	V.8	**29,286,517.54**	5,529,533.25
Including: Interest receivables		**–**	–
Dividend receivables		**–**	–
Inventories	V.9	**1,383,627,690.79**	764,445,667.38
Contract assets		**–**	–
Assets held for sale		**–**	–
Non-current assets due within one year		**–**	–
Other current assets	V.10	**159,465,091.81**	135,601,718.32
Total current assets		**7,212,489,119.36**	3,693,823,674.02
Non-current assets:			
Debt investments		**–**	–
Other debt investment		**–**	–
Long-term receivables		**–**	–
Long-term equity investments	V.11	**20,203,062.67**	11,803,458.39
Investments in other equity instruments		**–**	–
Other non-current financial assets		**–**	–
Investment properties		**–**	–
Fixed assets	V.12	**3,736, 126,745.21**	3,029,315,752.93
Construction in progress	V.13	**844,673, 127.08**	254,595,042.78
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Right-of-use assets	V.14	**2,503,387.29**	2,913,283.39
Intangible assets	V.15	**204,750,692.08**	204,592,420.40
Development expenses		**–**	–
Goodwill		**–**	–
Long-term prepaid expenses	V.16	**17,609,802.77**	12,939,303.75
Deferred income tax assets	V.17	**149,085,652.45**	54,945,343.77
Other non-current assets	V.18	**726,871,314.43**	277, 144,961.49
Total non-current assets		**5,701,823,783.98**	3,848,249,566.90

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2026

Item	Notes	June 30, 2026	December 31, 2025
Total assets		**12,914,312,903.34**	7,542,073,240.92
Current Liabilities:			
Short-term loan	V.20	**252,370,861.47**	267,962,066.81
Trading financial liabilities		**–**	–
Derivative financial liabilities	V.21	**4,795,977.22**	–
Bills payables	V.22	**1,077,097,242.59**	662,486,600.94
Accounts payable	V.23	**2,585,201,946.31**	1,717,500, 179.04
Receipts in advance		**–**	–
Contract liabilities	V.24	**15,461,342.71**	6,052,856.81
Employee benefits payable	V.25	**116,212,344.99**	123,509,070.63
Taxes payable	V.26	**74,039, 168.77**	46,272,930.74
Other payables	V.27	**68,430,481.64**	64,203,285.46
Including: Interest receivables		**–**	–
Dividend receivables		**–**	–
Liabilities held for sale		**–**	–
Non-current liabilities due within one year	V.28	**167,652,324.34**	95, 193,860.88
Other current liabilities	V.29	**20,264,370.00**	29,799,817.16
Total current liabilities		**4,381,526,060.04**	3,012,980,668.47
Non-current liabilities:			
Long-term borrowings	V.30	**393,304,581.46**	318,000,693.32
Bonds payable		**–**	–
Including: Preference shares		**–**	–
Perpetual bonds		**–**	–
Lease liabilities	V.31	**1,930,669.82**	2,314,372.20
Long-term payables	V.32	**2, 187,658.41**	2,253,208.16
Long-term employee salaries payable		**–**	–
Accrued liabilities		**–**	–
Deferred income	V.33	**206,541,989.36**	208,030, 164.26
Deferred income tax liabilities	V.17	**–**	20,409, 136.51
Other non-current liabilities		**–**	–
Total non-current liabilities		**603,964,899.05**	551,007,574.45
Total liabilities		**4,985,490,959.09**	3,563,988,242.92

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As of June 30, 2026

Item	Notes	June 30, 2026	December 31, 2025
Owners' equity:			
Share capital	V.34	**472,568,764.00**	425,664,252.00
Other equity instruments		**–**	–
Including: Preferred shares		**–**	–
Perpetual bonds		**–**	–
Capital reserve	V.35	**4,368,513,586.41**	1,409,732,213.38
Less: Treasury shares	V.36	**39,901,355.00**	42,579,415.00
Other comprehensive income	V.37	**-14,698,664.45**	-1,483,418.24
Special reserve		**–**	–
Surplus reserve	V.38	**212,832, 126.00**	212,832, 126.00
Undistributed Profit	V.39	**2,929,507,487.29**	1,973,919,239.86
Total equity attributable to the owners of the parent		**7,928,821,944.25**	3,978,084,998.00
Minority interests		**–**	–
Total owners' equity		**7,928,821,944.25**	3,978,084,998.00
Total liabilities and owners' equity		**12,914,312,903.34**	7,542,073,240.92

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

As of June 30, 2026

Item	Notes	January-June 2026	January-June 2025
I. Total operating revenue		**4,388,260,234.74**	2,424,753,430.89
Including: Operating revenue	V.40	**4,388,260,234.74**	2,424,753,430.89
II. Total operating cost		**3,238,639,672.67**	1,827,115,329.59
Including: Operating costs	V.40	**2,664,863,860.19**	1,541,794, 186.73
Taxes and surcharges	V.41	**18,899,252.04**	14,605,314.63
Selling expenses	V.42	**101, 161,050.44**	59,389,092.43
Administrative expenses	V.43	**104,930,816.41**	99,874,040.32
Research and development expenses	V.44	**230, 105,083.90**	117,019,895.63
Finance expenses	V.45	**118,679,609.69**	-5,567,200.15
Including: Interest expense		**9, 157,276.69**	8,603,893.08
Interest income		**12,246,343.44**	10,724,373.09
Add: Other income	V.46	**11,879,490.19**	16,577,742.15
Investment income (loss is represented by "–")	V.47	**280,624.49**	2,283,579.05
Including: Gains from investment in associates and joint ventures		**-600,395.72**	–
Gains from derecognition of financial asset at amortized cost		**–**	–
Gains from net exposure hedging (loss is represented by "–")		**–**	–
Gains from changes in fair value (loss is represented by "–")	V.48	**17,290,352.08**	4,903,787.61
Impairment loss of credit (loss is represented by "–")	V.49	**-51, 186,213.47**	-19,966,645.46
Impairment loss of assets (loss is represented by "–")	V.50	**-51,408, 113.54**	-36,943,636.52
Gains from disposal of assets (loss is represented by "–")	V.51	**430,794.78**	158,797.06
III. Operating profit (loss is represented by "–")		**1,076,907,496.60**	564,651,725.19
Add: Non-operating income	V.52	**193,063.61**	143,739.94
Less: Non-operating expenses	V.53	**299,443.12**	1, 142,740.14
IV. Total profit (total loss is represented by "–")		**1,076,801,117.09**	563,652,724.99
Less: Income tax expenses	V.54	**121,212,869.66**	72,069,373.42

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

As of June 30, 2026

Item	Notes	January-June 2026	January-June 2025
V. Net profit (net loss is represented by "–")		**955,588,247.43**	491,583,351.57
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss is represented by "–")		**955,588,247.43**	491,583,351.57
2. Net profit from discontinued operations (net loss is represented by "–")		**–**	–
(II) Classified by ownership of equity			
1. Net profit attributable to the owners of the parent		**955,588,247.43**	491,583,351.57
2. Gains or losses attributable to minority shareholders		**–**	–
VI. Net amount of other comprehensive income after tax		**-13,215,246.21**	-1,254,439.36
(I) Net amount of other comprehensive income after tax attributable to the owners of the parent	V.55	**-13,215,246.21**	-1,254,439.36
1. Other comprehensive income that cannot be reclassified to gains or losses		**–**	–
(1) Changes in remeasurement of defined benefit plans		**–**	–
(2) Other comprehensive income that cannot be transferred to gains or losses under equity method		**–**	–
(3) Changes in fair value of other equity instrument investments		**–**	–
(4) Changes in fair value of credit risk of the Company		**–**	–
2. Other comprehensive income that will be reclassified to gains or losses		**-13,215,246.21**	-1,254,439.36
(1) Other comprehensive income that can be transferred to gains or losses under equity method		**–**	–
(2) Changes in fair value of other debt investments		**–**	–
(3) Amount of financial assets reclassified into other comprehensive income		**–**	–
(4) Credit impairment provisions for other debt investment		**–**	–
(5) Cash flow hedging reserve		**–**	–
(6) Exchange differences on translation of foreign financial statements		**-13,215,246.21**	-1,254,439.36
(II) Net amount of other comprehensive income after tax attributable to minority shareholders		**–**	–
VII. Total comprehensive income		**942,373,001.22**	490,328,912.21
(I) Total comprehensive income attributable to the owners of the parent		**942,373,001.22**	490,328,912.21
(II) Total comprehensive income attributable to minority shareholders		**–**	–
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)		**2.14**	1.16
(II) Diluted earnings per share (RMB/share)		**2.13**	1.16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

As of June 30, 2026

Items	Notes	January-June 2026	January-June 2025
I. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from sales of goods and provision of services		**3,351,584,937.03**	2,123,266,126.15
Tax refunds received		**284,377,686.08**	128,502,892.94
Other cash receipts relating to operating activities	V.56(1)	**22,830,722.34**	21,971,068.98
Subtotal of cash inflows from operating activities		**3,658,793,345.45**	2,273,740,088.07
Cash payments for goods purchased and services received		**2,022,798,763.87**	1,330,383,242.25
Cash payments to and on behalf of employees		**472,720,771.46**	338,105,618.47
Payments for taxes and levies		**87,818,552.14**	78,719,652.09
Other cash payments relating to operating activities	V.56(1)	**138,562,841.92**	73,428,965.13
Subtotal of cash outflows from operating activities		**2,721,900,929.39**	1,820,637,477.94
Net cash flows from operating activities		**936,892,416.06**	453,102,610.13
II. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from disposal of investments	V.56 (2)	**460,000,000.00**	733,800,000.00
Cash receipts from investment income		**16,000,920.21**	2,283,579.05
Net cash receipts from disposal of fixed assets, intangible assets and other long-lived assets		**7,280,671.70**	3,927,870.55
Net cash receipts from disposal of subsidiaries and other business units		**–**	–
Other cash receipts relating to investing activities		**–**	–
Subtotal of cash inflows from investing activities		**483,281,591.91**	740,011,449.60
Cash payments for acquisition of fixed assets, intangible assets and other long-lived assets		**1,785,521,771.15**	512,579,657.14
Cash payments for investments	V.56 (2)	**279,000,000.00**	633,800,000.00
Net cash payments for acquisition of subsidiaries and other business units		**–**	–
Other cash payments relating to investing activities	V.56 (2)	**87,931,602.00**	4,019,900.00
Subtotal of cash outflows from investing activities		**2,152,453,373.15**	1, 150,399,557.14
Net cash flows from investing activities		**–1,669,171,781.24**	–410,388,107.54

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

As of June 30, 2026

Items	Notes	January-June 2026	January-June 2025
III. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from capital contributions		**2,848,278,718.11**	–
Of which: cash receipts from minority shareholders' contributions to subsidiaries		**–**	–
Cash receipts from borrowings		**329,171,506.68**	201,333,029.03
Other cash receipts relating to financing activities		**–**	–
Subtotal of cash inflows from financing activities		**3,177,450,224.79**	201,333,029.03
Cash repayments of borrowings		**320,179,169.08**	95,974,362.14
Cash payments for distribution of dividends, profits or interest expenses		**8,557,132.47**	212,448,915.54
Of which: dividends or profits paid to minority shareholders by subsidiaries		**–**	–
Other cash payments relating to financing activities	V.56 (3)	**457,803.92**	7,759,599.87
Subtotal of cash outflows from financing activities		**329,194,105.47**	316,182,877.55
Net cash flows from financing activities		**2,848,256,119.32**	–114,849,848.52
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**–13,911,914.59**	14,676,597.20
V. NET INCREASE IN CASH AND CASH EQUIVALENTS	V.57	**2,102,064,839.55**	–57,458,748.73
Add: Cash and cash equivalents at beginning of period	V.57	**410,367,943.12**	635,071,092.03
VI. CASH AND CASH EQUIVALENTS AT END OF PERIOD	V.57	**2,512,432,782.67**	577,612,343.30

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As of June 30, 2026

Items	January-June 2026												
	Attributable to owners of the parent												
		Other equity instruments											
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
I. Balance at the end of the prior year	425,664,252.00	-	-	-	1,409,732,213.38	42,579,415.00	-1,483,418.24	-	212,832,126.00	1,973,919,239.86	3,978,084,998.00	-	3,978,084,998.00
Add: Changes in accounting policies													-
Correction of prior period errors													-
Business combinations under common control													-
Others													-
II. Balance at beginning of the year	425,664,252.00	-	-	-	1,409,732,213.38	42,579,415.00	-1,483,418.24	-	212,832,126.00	1,973,919,239.86	3,978,084,998.00	-	3,978,084,998.00
III. Changes in equity for the year (decrease indicated by "-")	46,904,512.00	-	-	-	2,958,781,373.03	-2,678,060.00	-13,215,246.21	-	-	955,588,247.43	3,950,736,946.25	-	3,950,736,946.25
(I) Total comprehensive income							-13,215,246.21			955,588,247.43	942,373,001.22		942,373,001.22
(II) Capital contributions and reductions	46,904,512.00				2,958,781,373.03	-2,678,060.00					3,008,363,945.03		3,008,363,945.03
1. Capital contributions by ordinary shareholders	46,904,512.00				2,785,401,657.15						2,832,306,169.15		2,832,306,169.15
2. Capital contributions by holders of other equity instruments													-
3. Share-based payments recognised in equity					173,379,715.88						173,379,715.88		173,379,715.88
4. Others						-2,678,060.00					2,678,060.00		2,678,060.00
(III) Profit distribution													-
1. Appropriation to surplus reserve													-
2. Distributions to owners (or shareholders)													-
3. Others													-
(IV) Internal transfers within equity													-
1. Capital reserve transferred to share capital													-
2. Surplus reserve transferred to share capital													-
3. Surplus reserve offset against losses													-
4. Changes in defined benefit plans transferred to retained earnings													-
5. Other comprehensive income transferred to retained earnings													-
6. Others													-
(V) Special reserve													-
1. Appropriation for the year													-
2. Utilisation for the year													-
(VI) Others													-
IV. Balance at the end of the year	472,568,764.00	-	-	-	4,368,513,586.41	39,901,355.00	-14,698,664.45	-	212,832,126.00	2,929,507,487.29	7,928,821,944.25	-	7,928,821,944.25

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As of June 30, 2026

Items	January-June 2025												
	Attributable to owners of the parent												
		Other equity instruments											
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
Balance at the end of the prior year	425,265,000.00	-	-	-	1,322,427,001.18	52,984,550.00	4,162,075.22	-	163,593,302.61	1,211,383,065.56	3,073,845,894.57	-	3,073,845,894.57
Add: Changes in accounting policies													-
Correction of prior period errors													-
Business combinations under common control													-
Others													-
II. Balance at beginning of the year	425,265,000.00	-	-	-	1,322,427,001.18	52,984,550.00	4,162,075.22	-	163,593,302.61	1,211,383,065.56	3,073,845,894.57	-	3,073,845,894.57
III. Changes in equity for the year (decrease indicated by "-")	-30,000.00	-	-	-	31,431,849.55	-1,819,091.04	-1,254,439.36	-	-	287,596,360.53	319,562,861.76	-	319,562,861.76
(I) Total comprehensive income							-1,254,439.36			491,583,351.57	490,328,912.21		490,328,912.21
(II) Capital contributions and reductions	-30,000.00				31,431,849.55	-1,819,091.04					33,220,940.59		33,220,940.59
1. Capital contributions by ordinary shareholders													-
2. Capital contributions by holders of other equity instruments													-
3. Share-based payments recognised in equity					31,937,949.55						31,937,949.55		31,937,949.55
4. Others	-30,000.00				-506,100.00	-1,819,091.04					1,282,991.04		1,282,991.04
(III) Profit distribution										-203,986,991.04	-203,986,991.04		-203,986,991.04
1. Appropriation to surplus reserve													-
2. Distributions to owners (or shareholders)										-203,986,991.04	-203,986,991.04		-203,986,991.04
3. Others													-
(IV) Internal transfers within equity													-
1. Capital reserve transferred to share capital													-
2. Surplus reserve transferred share capital													-
3. Surplus reserve offset against losses													-
4. Changes in defined benefit plans transferred to retained earnings													-
5. Other comprehensive income transferred to retained earnings													-
6. Others													-
(V) Special reserve													-
1. Appropriation for the year													-
2. Utilisation for the year													-
(VI) Others													-
IV. Balance at the end of the year	425,235,000.00	-	-	-	1,353,858,850.73	51,165,458.96	2,907,635.86	-	163,593,302.61	1,498,979,426.09	3,393,408,756.33	-	3,393,408,756.33

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

I. CORPORATE INFORMATION

Delton Technology (Guangzhou) Inc. (hereinafter referred to as the "**Company**") was formerly known as Delton Technology (Guangzhou) Co., Ltd., and was incorporated on June 17, 2002 with the Luogang Branch of the Guangzhou Administration for Industry and Commerce. On June 22, 2020, with the approval of the Guangzhou Market Supervision Administration, the Company was converted into a joint stock limited company and renamed Delton Technology (Guangzhou) Inc. The Company's unified social credit code is 91440116739749431N. Its legal representative is Xiao Hongxing, and its registered address is No. 22, Baoying South Road, Guangzhou Free Trade Zone.

Pursuant to the approval of the China Securities Regulatory Commission under the "Approval Letter on the Initial Public Offering and Registration of Delton Technology (Guangzhou) Inc." (Zheng Jian Xu Ke [2023] No. 2182), and the admission of the Shenzhen Stock Exchange under the "Notice on the Listing of Renminbi Ordinary Shares of Delton Technology (Guangzhou) Inc." (Shen Zheng Shang [2024] No. 239), the Company was approved to publicly issue 42.30 million Renminbi ordinary shares (A-shares) to the public, resulting in an increase of its registered share capital to RMB422.30 million. The proceeds from this issuance were received on March 28, 2024. This capital increase was verified by Grant Thornton Certified Public Accountants (Special General Partnership), which issued the Capital Verification Report (Grant Thornton Yan Zi [2024] No. 441C000092).

Following the filing with the China Securities Regulatory Commission and approval by The Stock Exchange of Hong Kong Limited, the Company listed and commenced trading of 46,000,000 H-shares on the Main Board of the Hong Kong Stock Exchange on March 20, 2026. Upon completion of the above issuance, the Company increased its share capital by 46,000,000 shares. During the reporting period, employees who were granted share options under the Company's initial grant exercised a cumulative total of 904,512 shares, resulting in an increase in the Company's registered share capital of RMB904,512.00. Following these changes, the Company's registered share capital became RMB472,568,800.

The Company's principal business activity is the manufacture and production of printed circuit boards.

Date of authorisation of financial statements: These financial statements were authorised for issue by the Company's Board of Directors on August 7, 2026.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of Preparation

The Company prepares its financial statements on a going concern basis. These financial statements are prepared in accordance with the recognition and measurement requirements set out in the Accounting Standards for Business Enterprises, together with their application guidance and interpretations, based on actual transactions and events. In addition, the Company discloses relevant financial information in accordance with the Rules Governing the Disclosure of Information by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) promulgated by the China Securities Regulatory Commission.

2. Going Concern

The Company has assessed its ability to continue as a going concern for a period of 12 months from the end of the reporting period, and has not identified any matters that would cast significant doubt on its ability to continue as a going concern. Accordingly, it is reasonable for the Company to prepare its financial statements on a going concern basis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The significant accounting policies and accounting estimates set out below are formulated in accordance with the ASBE. For transactions not specifically addressed herein, the relevant accounting policies under the ASBE shall apply.

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

The financial statements prepared by the Company comply with the requirements of the ASBE, and present truthfully and completely the Company's financial position, results of operations, changes in owners' equity, cash flows and other relevant information.

2. Accounting Period

The Company's accounting year commences on 1 January and ends on December 31, of the Gregorian calendar.

3. Operating Cycle

The Company's normal operating cycle is one year.

4. Functional Currency

The Company's functional currency is Renminbi (RMB). For overseas branches/subsidiaries, the functional currency is determined based on the currency of the primary economic environment in which they operate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Determination Methods and Basis for Selection of Materiality Thresholds

(1) Consolidated financial statement items

Item	Materiality Threshold
Significant individual provision for bad debts on notes receivable, trade receivables, receivables financing and other receivables	4% of profit before tax
Significant recovery or reversal of provision for bad debts on notes receivable, bad debts on trade receivables, impairment on receivables financing and bad debts on other receivables	4% of profit before tax
Significant write-off of notes receivable, trade receivables, receivables financing and other receivables	4% of profit before tax
Significant prepayments with aging over 1 year	4% of profit before tax
Significant construction-in-progress projects	4% of profit before tax
Significant overdue and outstanding short-term borrowings	4% of profit before tax
Significant accounts payable with aging over 1 year	4% of profit before tax
Significant contract liabilities with aging over 1 year	4% of profit before tax
Significant other payables with aging over 1 year	4% of profit before tax
Cash received and paid relating to significant investing activities	4% of total assets

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. Determination Methods and Basis for Selection of Materiality Thresholds (continued)

(2) Parent company financial statement items

Item	Materiality Threshold
Significant recovery or reversal of provision for bad debts on trade receivables and other receivables	4% of total profit of parent company's financial statements
Significant write-off of trade receivables and other receivables	4% of total profit of parent company's financial statements

6. Accounting Treatment of Business Combinations under Common Control and not under Common Control

(1) Business combinations under common control

For assets and liabilities acquired by the Company in a business combination under common control, they are measured at their carrying amounts as recorded in the consolidated financial statements of the ultimate controlling party at the combination date. Where the acquiree and the Company have applied different accounting policies or have different accounting periods prior to the combination, such accounting policies and accounting periods are aligned based on the principle of materiality, that is, the carrying amounts of the acquiree's assets and liabilities are adjusted to conform to the Company's accounting policies and accounting periods. Any difference between the carrying amount of the net assets acquired by the Company in the business combination and the carrying amount of the consideration paid is first adjusted against capital reserve (share premium or paid-in capital premium); if the balance of capital reserve (share premium or paid-in capital premium) is insufficient to absorb the difference, the excess is adjusted against retained earnings (first against surplus reserve and then against undistributed profits).

For the accounting treatment of business combinations under common control achieved through multiple-step transactions, refer to Note III.7(5).

(2) Business combinations not under common control

For identifiable assets and liabilities acquired by the Company from the acquiree in a business combination not under common control, they are measured at their fair values at the acquisition date. Where the acquiree and the Company have applied different accounting policies or have different accounting periods prior to the combination, such accounting policies and accounting periods are aligned based on the principle of materiality, that is, the carrying amounts of the acquiree's assets and liabilities are adjusted to conform to the Company's accounting policies and accounting periods. The excess of the cost of the combination over the fair value of the identifiable net assets acquired by the Company at the acquisition date is recognised as goodwill. If the cost of the combination is less than the fair value of the identifiable net assets acquired, the Company shall first reassess the fair values of the identifiable assets, liabilities and contingent liabilities acquired, and the cost of the combination. If, after the reassessment, the cost of the combination remains less than the fair value of the identifiable net assets acquired, the difference is recognised in the consolidated profit or loss for the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Accounting Treatment of Business Combinations under Common Control and not under Common Control (continued)

(2) Business combinations not under common control (continued)

For the accounting treatment of business combinations not under common control achieved through multiple-step transactions, refer to Note III.7(5).

(3) Transaction costs related to business combinations

Agency fees incurred for a business combination, such as audit, legal, valuation and advisory fees, as well as other related administrative expenses, are recognised as expenses in the profit or loss for the period as incurred. Transaction costs for equity securities or debt securities issued as consideration for the combination are included in the initial carrying amount of such equity securities or debt securities.

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements

(1) Criteria for determining control and scope of consolidation

Control exists when the Company has power over the investee, is exposed, or 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. The definition of control comprises three essential elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of returns. When the Company's investment in an investee possesses all three elements described above, it indicates that the Company is able to control the investee.

The scope of consolidation in the consolidated financial statements is determined on the basis of control, and includes not only subsidiaries determined by voting rights (or similar rights) themselves or in combination with other arrangements, but also structured entities determined by one or more contractual arrangements.

A subsidiary is an entity (including enterprises, separable parts of investees, and structured entities controlled by the enterprise, etc.) that is controlled by the Company. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity (Note: sometimes also referred to as a special purpose entity).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(2) Method of preparing consolidated financial statements

The Company prepares consolidated financial statements based on the financial statements of the Company and its subsidiaries, together with other relevant information.

In preparing the consolidated financial statements, the Company treats the entire group as a single accounting entity, and in accordance with the recognition, measurement and presentation requirements of the relevant ASBE, applies uniform accounting policies and accounting periods to present the overall financial position, results of operations and cash flows of the group.

① Combine the assets, liabilities, owners' equity, revenue, expenses and cash flows of the parent company and its subsidiaries.

② Eliminate the parent company's equity investment in subsidiaries against the parent company's share of the subsidiaries' owners' equity.

③ Eliminate the effects of intra-group transactions between the parent company and its subsidiaries, and among subsidiaries. Where an intra-group transaction indicates that an impairment loss has been incurred on the related asset, such loss shall be recognised in full.

④ Adjust for specific transactions from the perspective of the group as a whole.

(3) Treatment of subsidiaries acquired or disposed of during the reporting period

① Acquisition of subsidiaries or businesses

A. Subsidiaries or businesses acquired through business combinations under common control

(a) When preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are adjusted, and the corresponding items in the comparative financial statements are also adjusted, as if the combined reporting entity had existed since the date when the ultimate controlling party first obtained control.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(3) Treatment of subsidiaries acquired or disposed of during the reporting period (continued)

① Acquisition of subsidiaries or businesses (continued)

A. Subsidiaries or businesses acquired through business combinations under common control (continued)

(b) When preparing the consolidated income statement, the revenue, expenses and profit of the subsidiary or business from the beginning of the period in which the combination occurs to the end of the reporting period are included in the consolidated income statement, and the corresponding items in the comparative financial statements are adjusted, as if the combined reporting entity had existed since the date when the ultimate controlling party first obtained control.

(c) When preparing the consolidated cash flow statement, the cash flows of the subsidiary or business from the beginning of the period in which the combination occurs to the end of the reporting period are included in the consolidated cash flow statement, and the corresponding items in the comparative financial statements are adjusted, as if the combined reporting entity had existed since the date when the ultimate controlling party first obtained control.

B. Subsidiaries or businesses acquired through business combinations not under common control

(a) When preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are not adjusted.

(b) When preparing the consolidated income statement, the revenue, expenses and profit of the subsidiary or business from the acquisition date to the end of the reporting period are included in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, the cash flows of the subsidiary or business from the acquisition date to the end of the reporting period are included in the consolidated cash flow statement.

② Disposal of subsidiaries or businesses

A. When preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are not adjusted.

B. When preparing the consolidated income statement, the revenue, expenses and profit of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement.

C. When preparing the consolidated cash flow statement, the cash flows of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated cash flow statement.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(4) Special consideration in combination offset

① The long-term equity investment of the Company held by a subsidiary shall be regarded as the treasury shares of the Company and as deduction item of the owner's equity. It should be stated as "Less: Treasury shares" under owner's equity in the consolidated balance sheet.

Long-term equity investments held among subsidiaries shall be offset with the corresponding share of the owner's equity of the subsidiaries according to the Company's offset method for subsidiaries' equity investments.

② "Special reserve" and "general risk reserve" shall be recovered according to the shares attributable to owners of the parent company after the long-term equity investment is offset mutually with the owner's equity of the subsidiaries as they are not paid-in capital (or share capital) or capital reserve and also different from retained earnings and undistributed profits.

③ If the carrying amount of the assets and liabilities in the consolidated balance sheet temporarily differs from the tax basis of the subject of tax payment it belongs because of the neutralization of the unrealized internal transaction gains and losses, the deferred tax assets or deferred tax liabilities shall be recognized in the consolidated balance sheet, and the income tax expenses in the consolidated income statement shall be adjusted accordingly, except for the deferred income taxes which are related to the transactions or matters that are directly included into the owners' equity, and the business combination.

④ Gains or losses on internal transaction unrealized when the Company sells assets to a subsidiary shall be fully offset with the "net profit attributable to owners of the parent company". Gains or losses on internal transaction unrealized when the subsidiary sells assets to the Company shall be offset between the "net profit attributable to owners of the parent company" and the "minority interests" in accordance with the allocation proportion of the Company for the subsidiary. Gains or losses on internal transaction unrealized when subsidiaries sell assets to each other shall be offset between the "net profit attributable to owners of the parent company" and "minority interests" in accordance with the allocation proportion of the Company for the selling subsidiary.

⑤ If the loss shared by minority shareholders in a subsidiary for the current period exceeds the share enjoyed by minority shareholders in the owner's equity of the subsidiary at the beginning of the period, the balance shall be written down from the minority interests.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(5) Accounting treatment of special transactions

① Acquisition of equity of minority shareholders

When the Company acquires a subsidiary's equity owned by the subsidiary's minority shareholders, in an individual financial statement, the investment cost of the long-term equity investment newly obtained from acquisition of minority equity shall be measured at fair value of the paid consideration. In the consolidated financial statements, the difference between the newly obtained long-term equity investment due to acquisition of minority equity and the share of the subsidiary's net assets continuously calculated based on the newly increased shareholding ratio from the acquisition date or combination date shall be adjusted against the capital reserve (capital premium or share capital premium). The surplus reserve and undistributed profits shall be offset in turn if the capital reserve is insufficient to be written off.

② Obtaining control over a subsidiary by several transactions in stages

A. Business combination under common control achieved by several transactions in stages

On the date of combination, in the Company's separate financial statements, the initial investment cost of the long-term equity investment is determined based on the Company's share of the carrying amount of the subsidiary's net assets in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the sum of the carrying amount of the long-term equity investment held before the combination and the carrying amount of the additional consideration paid for the newly acquired interests on the date of combination, is adjusted against capital reserve (capital premium or share capital premium).The surplus reserve and undistributed profits shall be offset in turn if the capital reserve (capital premium or share capital premium) is insufficient to be written off.

In the consolidated financial statements, the assets and liabilities of the acquiree obtained by the combining party in the combination are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party on the date of combination, except for adjustments arising from differences in accounting policies and accounting periods. The difference between the sum of the carrying amount of the investment held before the combination and the carrying amount of the additional consideration paid on the date of combination, and the carrying amount of the net assets acquired in the combination, is adjusted against capital reserve (share capital premium capital premium). If the capital reserve is insufficient to absorb the difference, the excess is adjusted against retained earnings.

For equity investments held by the combining party before obtaining control over the acquiree, any profit or loss, other comprehensive income, and other changes in owners' equity recognised during the period from the later of the date of initial acquisition of the original equity interest and the date when the combining party and the acquiree came under the common control of the ultimate controlling party, up to the date of combination, shall be adjusted against the opening retained earnings or current period profit or loss of the comparative reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(5) Accounting treatment of special transactions (continued)

② Obtaining control over a subsidiary by several transactions in stages (continued)

B. Business combination involving entities not under common control achieved by several transactions in stages

On the date of combination, in the separate financial statements, the initial investment cost of the long-term equity investment on the date of combination is determined as the sum of the carrying amount of the original long-term equity investment held and the additional investment cost incurred on the date of combination.

In the consolidated financial statements, the equity interest in the acquiree held before the acquisition date is remeasured at its fair value on the acquisition date. If the previously held equity interest in the acquiree before the acquisition date is designated as a financial asset measured at fair value with changes recognised in other comprehensive income, the difference between its fair value and its carrying amount is recognised in retained earnings, and the cumulative fair value changes previously recognised in other comprehensive income in respect of such equity interest are reclassified to retained earnings. If the previously held equity interest in the acquiree before the acquisition date is accounted for as a financial asset measured at fair value with changes recognised in profit or loss, or as a long-term equity investment accounted for using the equity method, the difference between its fair value and its carrying amount is recognised as investment income for the current period. If the previously held equity interest in the acquiree before the acquisition date involves other comprehensive income accounted for under the equity method and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution under the equity method, the related other comprehensive income is accounted for on the acquisition date on the same basis as that applicable to the investee's direct disposal of the related assets or liabilities, and the related other changes in owners' equity are reclassified to investment income for the period in which the acquisition date falls.

③ Disposal of long-term equity investments in subsidiaries by the Company without loss of control

Where the parent company partially disposes of its long-term equity investments in a subsidiary without losing control over the subsidiary, in the consolidated financial statements, the difference between the consideration received from the disposal and the corresponding share of the subsidiary's net assets calculated on a continuous basis from the acquisition date or the date of combination is adjusted against capital reserve (capital premium or share capital premium). If the capital reserve is insufficient to absorb the difference, the excess is adjusted against retained earnings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(5) Accounting treatment of special transactions (continued)

④ Disposal of long-term equity investments in subsidiaries by the Company with loss of control

A. Disposal in a single transaction

Where the Company loses control over an investee due to, among other things, disposal of part of its equity interests, the remaining equity interests shall be remeasured at fair value as at the date on which control is lost when preparing the consolidated financial statements. The difference between the sum of the consideration received from the disposal of equity interests and the fair value of the remaining equity interests, and the sum of the share of the net assets of the former subsidiary attributable to the Company calculated based on the original percentage of equity interests held, which has been continuously measured from the date of acquisition or the date of the combination, and goodwill, shall be recognised in investment income for the period in which control is lost.

Other comprehensive income relating to the equity investment in the former subsidiary shall be accounted for upon the loss of control on the same basis as would be required if the related assets or liabilities of the former subsidiary were directly disposed of. Other changes in owners' equity relating to the former subsidiary accounted for under the equity method shall be transferred to profit or loss for the period in which control is lost.

B. Disposal in stages through multiple transactions

In the consolidated financial statements, it is first necessary to determine whether the transactions in stages constitute a "package transaction".

If the transactions in stages do not constitute a "package transaction", then, in the separate financial statements, for each transaction prior to the loss of control over the subsidiary, the carrying amount of the long-term equity investment corresponding to the disposed equity interest is carried forward and derecognised, and the difference between the consideration received and the carrying amount of the disposed long-term equity investment is recognised as investment income for the current period. In the consolidated financial statements, such transactions are accounted for in accordance with the provisions relating to "disposal of long-term equity investments in subsidiaries by the parent company without loss of control".

If the transactions in stages constitute a "package transaction", the transactions are accounted for as a single transaction involving the disposal of the subsidiary and the loss of control. In the separate financial statements, for each disposal prior to the loss of control, the difference between the consideration received and the carrying amount of the long-term equity investment corresponding to the disposed equity interest is initially recognised in other comprehensive income and subsequently reclassified to profit or loss in the period in which control is lost. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the consideration received and the corresponding share of the net assets of the subsidiary attributable to the disposed investment is recognised in other comprehensive income and subsequently reclassified to profit or loss in the period in which control is lost.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for Determining Control and Method of Preparing Consolidated Financial Statements (continued)

(5) Accounting treatment of special transactions (continued)

④ Disposal of long-term equity investments in subsidiaries by the Company with loss of control (continued)

B. Disposal in stages through multiple transactions (continued)

Where the terms, conditions and economic effects of the individual transactions satisfy one or more of the following circumstances, the multiple transactions are usually accounted for as a "package transaction":

(a) The transactions are entered into simultaneously, or with consideration of the effects of one another.

(b) The transactions, taken together as a whole, achieve a complete commercial outcome.

(c) The occurrence of one transaction is dependent on the occurrence of at least one other transaction.

(d) One transaction, when considered individually, is not economically justified, but is economically justified when considered together with the other transactions.

⑤ Dilution of the parent company's equity interest in a subsidiary arising from capital injections by minority shareholders

Where other shareholders (minority shareholders) of a subsidiary make additional capital contributions to the subsidiary, thereby diluting the parent company's equity interest in the subsidiary, in the consolidated financial statements, the difference between the parent company's share of the carrying amount of the subsidiary's net assets before the capital injection, calculated based on the parent company's equity interest prior to the capital injection, and its share of the carrying amount of the subsidiary's net assets after the capital injection, calculated based on the parent company's shareholding percentage after the capital injection, is adjusted against capital reserve (share premium or paid-in capital surplus). If the capital reserve (share premium or paid-in capital surplus) is insufficient to absorb the difference, the excess is adjusted against retained earnings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Classification of Joint Arrangements and Accounting Treatment for Joint Ventures

A joint arrangement refers to an arrangement of two or more parties have joint control. The joint arrangements of the Company comprise joint operations and joint ventures.

(1) Joint operations

Joint operations refer to a joint arrangement during which the Company is entitled to relevant assets and liabilities of this arrangement.

The Company recognizes the following items in relation to its interest in a joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises:

① the assets held solely by it and assets held jointly according to its share;

② the liabilities assumed solely by it and liabilities assumed jointly according to its share;

③ the revenue from sale of output from joint operations entitled to it;

④ the revenue from sale of output from joint operations according to its share;

⑤ the fees solely incurred by it and fees incurred from joint operations according to its share.

(2) Joint ventures

Joint ventures refer to a joint arrangement during which the Company only is entitled to net assets of this arrangement.

The Company accounts for its investments in joint ventures in accordance with the requirements relating to accounting treatment using equity method for long-term equity investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Standards for Recognizing Cash and Cash Equivalents

Cash refers to cash on hand and deposits readily available for payment purpose. Cash equivalents refer to short-term (usually are due within 3 months from purchasing dates) and highly liquid investments held by the Company which are readily convertible into known amount of cash and which are subject to insignificant risk of value change.

10. Foreign Currency Operations and Translation of Statements Denominated in Foreign Currency

(1) Determination of the exchange rate for translation of foreign currency transactions

Foreign currency transactions of the Company are translated into the functional currency upon initial recognition by applying the spot exchange rate on the transaction date or the exchange rate similar to the spot exchange rate on the transaction date determined in accordance with the systematic and reasonable method (hereinafter referred to as the exchange rate similar to the spot exchange rate).

(2) Translation of monetary items in foreign currencies at the balance sheet date

On the balance sheet date, foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate upon initial recognition or the last balance sheet date will be recognized in profit or loss for the period. The foreign currency non-monetary items measured at historical cost shall still be translated at the spot exchange rate on the date of the transaction. For inventories measured at the lower of cost and net realizable value, in cases where such inventories are purchased in a foreign currency and their net realizable value on the balance sheet date is denominated in that foreign currency, the net realizable value shall first be translated into the functional currency amount at the spot exchange rate on the balance sheet date. This amount is then compared with the cost of the inventories stated in the functional currency to determine the ending carrying amount of the inventories. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date of determination of the fair value. For financial assets at fair value through profit or loss, any difference between the translated amount in the functional currency and the original functional currency amount shall be recognized in profit or loss. For non-trading equity instrument investments that are designated as measured at fair value through other comprehensive income, any difference between the translated functional currency amount and the original functional currency amount shall be recognized in other comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Foreign Currency Operations and Translation of Statements Denominated in Foreign Currency (continued)

(3) Translation of financial statements denominated in foreign currency

Before translating the financial statements of a foreign operation, the accounting period and accounting policies of the foreign operation shall first be adjusted to be consistent with those of the enterprise. Then, based on the adjusted accounting policies and accounting period, financial statements in the corresponding currency (a currency other than the functional currency) shall be prepared. Subsequently, the financial statements of the foreign operation shall be translated using the following methods:

① Assets and liabilities on the balance sheet are translated at the spot exchange rate at the balance sheet date; owner's equity items except for "retained profit" are translated at the spot exchange rates at the dates on which such items arose.

② Income and expenses items in the profit or loss statement are translated at the spot exchange rate on the transaction date or the exchange rate similar to the spot exchange rate.

③ Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows or the exchange rate similar to the spot exchange rate. The effect of exchange rate changes on cash is regarded as a reconciling item and presented separately in the cash flow statement.

④ The foreign currency translation differences arising therefrom shall, in the preparation of the consolidated financial statements, be presented under the 'other comprehensive income' item within the owner's equity of the consolidated balance sheet.

On disposal of foreign operations and loss of control, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the disposed foreign operations which have been included in owners' equity in the balance sheet, shall be transferred to profit or loss in whole or in proportionate share in the period in which the disposal took place.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Recognition and derecognition of financial instruments

Financial asset or financial liability will be recognized when the Company becomes one of the parties under a financial instrument contract.

Financial asset that satisfies any of the following criteria shall be derecognized:

① the contract right to receive the cash flows of the financial asset has terminated;

② the financial asset has been transferred and meets the derecognition criteria for the transfer of financial asset as described below.

A financial liability (or a part thereof) is derecognized only when the present obligation is discharged in full or in part. If an agreement is entered into between the Company (debtor) and a creditor to replace the existing financial liabilities with new financial liabilities, and the contractual terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized. If the Company makes substantial modifications to the contractual terms of an existing financial liability (or a part thereof), it shall derecognize the original financial liability and simultaneously recognize a new financial liability in accordance with the modified terms.

Conventionally traded financial assets shall be recognized and derecognized at the trading date. A regular way purchase or sale of financial assets is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or market convention. The trade date is the date on which the Company commits to purchase or sell a financial asset.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(2) Classification and measurement of financial assets

Upon initial recognition, the Company classifies financial assets into three categories based on its business model for managing financial assets and the contractual cash flow characteristics of the financial assets, namely: financial assets measured at amortised cost, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income. Financial assets shall not be reclassified subsequent to their initial recognition unless the Company changes its business model for managing the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at fair value upon initial recognition. For financial assets at fair value through profit or loss, related transaction costs are recognised directly in profit or loss; transaction costs of financial assets in other categories are included in their initial recognition amounts. For notes receivable and trade receivables arising from the sale of goods or provision of services that do not contain or take into account a significant financing component, the Company performs initial measurement at the transaction price as defined under the revenue standard.

The subsequent measurement of financial assets depends on their classification:

① Financial assets at amortised cost

Financial assets that satisfy the following conditions are classified as financial assets measured at amortised cost: the objective of the Company's business model for managing the financial asset is to collect contractual cash flows; and the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured using the effective interest method at amortised cost. Gains or losses arising from derecognition, amortisation using the effective interest method, or impairment are recognised in profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(2) Classification and measurement of financial assets (continued)

② Financial assets at fair value through other comprehensive income

Financial assets that satisfy the following conditions are classified as financial assets at fair value through other comprehensive income: the objective of the Group's business model for managing the financial asset is to collect contractual cash flows and to sell the financial asset; and the contractual terms of the financial assets provide that the cash flows arising on specified dates are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value. Except for impairment gains or losses and foreign exchange gains and losses which are recognised in profit or loss, changes in the fair value of such financial assets are recognised in other comprehensive income until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified to profit or loss. However, interest income on such financial assets calculated using the effective interest method is recognised in profit or loss.

The Group irrevocably designates certain investments in non-trading equity instruments as financial assets at fair value through other comprehensive income. Only dividend income relating thereto is recognised in profit or loss, while changes in fair value are recognised in other comprehensive income until the financial asset is derecognised, at which time the cumulative gain or loss is transferred to retained profits.

③ Financial assets at fair value through profit or loss

The financial assets other than the above financial assets measured at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Such financial assets are subsequently measured at fair value with changes in fair value recognised in profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(3) Classification and measurement of financial liabilities

The Group classifies financial liabilities into financial liabilities at fair value through profit or loss, loan commitments at interest rate lower than the market level and financial guarantee contract liabilities, and financial liabilities at amortised cost.

The subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities at fair value through profit or loss

This category includes financial liabilities held for trading (including derivative instruments that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. Subsequent to initial recognition, such financial liabilities are measured at fair value, and gains or losses (including interest expenses) are recognised in profit or loss, except for those relating to hedge accounting. However, for financial liabilities that the Group designates as at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Company's own credit risk are recognised in other comprehensive income. When such financial liabilities are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to retained profits.

② Loan commitments and financial guarantee contract liabilities

A loan commitment is a commitment made by the Company to provide a loan to a customer under predetermined contractual terms within a specified commitment period. Loan commitments are subject to impairment provisions under the expected credit loss model.

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are subsequently measured at the higher of the loss allowance determined in accordance with the impairment principles for financial instruments, and the amount initially recognised less cumulative amortisation recognised in accordance with revenue recognition principles.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(3) Classification and measurement of financial liabilities (continued)

③ Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

Except under special circumstances, financial liabilities and equity instruments are distinguished in accordance with the following principles:

① If the Company cannot avoid fulfilling a contractual obligation to deliver cash or another financial asset, such a contractual obligation meets the definition of a financial liability. Some financial instruments may not explicitly contain terms and conditions requiring the delivery of cash or another financial asset, but may indirectly create a contractual obligation through other terms and conditions.

② If a financial instrument is to be settled using, or may be settled using, the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used to settle the instrument are a substitute for cash or another financial asset, or whether they confer on the holder a residual interest in the assets of the issuer after deducting all of its liabilities. If the former, the instrument is a financial liability of the issuer; if the latter, the instrument is an equity instrument of the issuer. In some circumstances, a financial instrument contract provides that the Company must or may settle the financial instrument using its own equity instruments, where the amount of the contractual right or obligation is equal to the number of the Company's own equity instruments to be obtained or delivered multiplied by their fair value at the time of settlement. In such cases, regardless of whether the amount of the contractual right or obligation is fixed, or varies in whole or in part based on changes in variables other than the market price of the Company's own equity instruments (such as interest rates, the price of a commodity or the price of a financial instrument), the contract is classified as a financial liability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The effective portion of the cash flow hedge is recognised in other comprehensive income and would be transferred to the profit or loss when the hedged item influences the profit or loss. Gains or losses arising from changes in the fair value of derivatives are directly charged to profit or loss for the current period.

For the hybrid instrument which includes embedded derivatives, where the host contract is a financial asset, requirements in relation to the classification of financial assets shall apply to the hybrid instrument as a whole. Where the host contract is not a financial asset, and the hybrid instrument is not measured at fair value and its changes are included in the profit and loss for the current period for accounting purposes, there is no close relation between the embedded derivatives and the host contract in terms of economic features and risks, and the instrument that has the same condition with the embedded derivatives and exists independently meets the definition of derivatives, the embedded derivatives shall be separated from the hybrid instrument and treated as a separate derivative financial instrument. If it is unable to separately measure the embedded derivatives upon acquisition or on the subsequent balance sheet date, the hybrid instrument shall be entirely designated as the financial assets or financial liabilities measured at fair value and whose movements are included in the profit and loss of the current period.

(5) Impairment of financial instruments

Based on the expected credit losses (ECLs), the Company recognizes loss provisions for financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and financial guarantee contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

① Measurement of ECLs

CLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received (i.e. the present value of all cash shortfalls). Among them, the financial assets purchased or originated by the Company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument.

The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

At each balance sheet date, the Company measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Company makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Company makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

For the financial instruments at the first and second stages and with low credit risks, the Company calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For bills receivable, trade receivables and receivables financing, regardless of whether there is a significant financing component, the Company always makes provision for impairment at an amount equal to lifetime ECLs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

① Measurement of ECLs (continued)

A. Receivables

If there is objective evidence that it has been impaired, and the bills receivable, trade receivables, other receivables, and receivables financing are applicable to individual evaluation, the impairment test is conducted separately, and ECLs will be recognized and provision for individual impairment will be made. For the bills receivable, trade receivables, other receivables, receivables financing and long-term receivables without objective evidence of impairment or the expected credit loss cannot be estimated for an individual provision at a reasonable cost, the Company grouped bills receivable, trade receivables, other receivables, receivables financing and long-term receivables in accordance with credit risk characteristics and calculated the expected credit loss based on portfolio. Basis for determining the portfolio are as follows:

Item	Portfolio	Basis for determining the portfolio	Method for calculating ECLs
Bills receivable	Bank acceptance bills Commercial acceptance bills	Type of bills	For Bills receivable classified as a portfolio, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company uses exposure at default ("**EAD**") and lifetime ECL rate to calculate the ECLs.
Receivables financing	Bank acceptance bills Ageing portfolio	Type of bills Ageing	For receivables financing classified as a portfolio, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company uses exposure at default ("**EAD**") and lifetime ECL rate to calculate the ECLs.
Trade receivables	Ageing portfolio Related parties within the scope of consolidation	Ageing Related party relationship	For trade receivables classified as a portfolio, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company prepares a comparison table specifying the aging and the lifetime ECL rates of such receivables to calculate the ECL.
Other receivables	Deposit and security deposit Social security and housing funds advanced	Nature of the receivables Nature of the receivables	For other receivables classified as a portfolio, by making reference to the experience of historical credit losses and giving consideration to the current situation and the forecast of the future economic situation, the Company calculates the ECLs based on EAD and the ECL rate over the next 12 months or the entire lifetime.
	Employee loans, reserves and others Current accounts with related parties within the scope of consolidation	Nature of the receivables Related party relationship	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

① Measurement of ECLs (continued)

A. Receivables (continued)

The calculation adopted by the Company for determining the credit risk characteristics portfolio based on ageing is as follows:

Aging	**Receivables financing**	**Trade receivables**
Within 1 year	5%	5%
1–2 years	20%	20%
2–3 years	40%	40%
3–4 years	60%	60%
4–5 years	80%	80%
Over 5 years	100%	100%

B. Debt investment, other debt investments

For debt investment and other debt investments, the Company calculates the expected credit loss according to the nature of the investment, various types of counterparties and risk exposures, through default risk exposure and expected credit loss rate in the next 12 months or the entire duration.

② Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations, the credit risk on a financial instrument is considered low.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

③ Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the probability of default over the expected life determined at the reporting date with that determined at the date of initial recognition, and thereby determines the relative change in the probability of default over the expected life.

In determining whether the credit risk has increased significantly upon initial recognition, the Company considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Company includes:

A. Whether there is a significant change in the internal price index caused by the change of credit risk;

B. Adverse changes in business, financial, or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; Whether there has been a significant adverse change in the regulatory, economic, or technological environment of the debtor;

D. Whether there has been a significant change in the value of the collateral or the quality of the collateral or credit enhancement provided by a third party as collateral for a debt. These changes are expected to reduce the debtor's financial incentive to repay the debt within the time limit specified in the contract or affect the probability of default;

E. Whether there is a significant change in the borrower's economic motivation to repay the loan within the agreed term;

F. Anticipated changes to the loan contract, including whether the anticipated breach of contract may result in the release or amendment of contractual obligations, the granting of interest-free periods, interest rate hikes, the demand for additional collateral or security, or other changes to the contractual framework of the financial instrument;

G. Whether the expected performance and repayment behavior of the debtor changes significantly;

H. Whether any payment under the contract is overdue for 30 days or more (inclusive).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

③ Significant increases in credit risk (continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Typically, the Company determines that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Unless the Company can obtain reasonable and supportable information without undue cost or effort, demonstrating that, despite being overdue by more than 30 days beyond the contractual payment due date, the credit risk has not increased significantly since initial recognition.

④ Credit-impaired financial assets

At balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

Significant financial difficulty of the issuer or debtor; A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; For economic or contractual reasons relating to the debtor's financial difficulty, the creditor having granted to the debtor a concession that would not otherwise consider; It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor; A substantial discount during acquisition or sourcing of a financial asset reflects the fact the occurrence of credit losses.

⑤ Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Company makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(5) Impairment of financial instruments (continued)

⑥ Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

If a write-off of financial assets is subsequently recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(6) Transfer of financial assets

Transfer of a financial asset refers to the following two circumstances:

A. Transfer the contractual rights to receive cash flows from the financial asset to another party;

B. Transfer the financial asset, in whole or in part, to another party, but reserve the contractual rights to receive cash flows from the financial asset and undertake the contractual obligations to pay the cash flows received to one or more payees.

① Derecognition of transferred financial assets

A financial asset is derecognized when the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee or when the Company neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but waived its control over the financial asset.

When judging whether its control over the transferred financial asset has been waived, the enterprise shall pay more attention to the transferee's actual ability to sell the financial asset. If the transferee is able to independently sell the transferred financial asset in whole to a third party not related to it and there are no additional conditions to limit the sale, it shows that the company has waived its control over the financial asset.

The Company shall pay more attention to the nature of transfer of financial asset when it determines whether the transfer of financial asset meets the conditions of derecognition of financial asset.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(6) Transfer of financial assets (continued)

① Derecognition of transferred financial assets *(continued)*

Where the overall transfer of a financial asset satisfies the derecognition condition, the difference between the following two amounts is included in the current profit or loss:

A. The book value of the transferred financial assets;

B. The sum of the consideration received for the transfer and the amount of the corresponding derecognised portion of the cumulative change in fair value that would have been credited directly to other comprehensive income (the financial asset involved in the transfer is classified as financial asset measured at fair value through other comprehensive income in accordance with Article 18 of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments).

Where a partial transfer of a financial asset satisfies the derecognition condition, the carrying amount of the financial asset transferred as a whole is apportioned between the derecognition portion and the continuing recognition portion (in which case, the retained service asset is regarded as a part of the continuing recognition of the financial asset) based on the relative fair value on the transfer date, and the difference between the following two amounts is included in the current profit or loss:

A. The carrying amount of the derecognised portion at the date of derecognition;

B. The sum of the consideration for the derecognition component and the amount of the corresponding derecognition component of the cumulative change in fair value originally included in other comprehensive income (the financial asset involved in the transfer is classified as financial asset measured at fair value through other comprehensive income in accordance with Article 18 of the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments).

② Continuing involvement in transferred financial assets

Where the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and does not relinquish control over the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability accordingly.

The extent of continuing involvement in a transferred financial asset represents the extent to which an enterprise is exposed to changes in the value of the transferred financial asset.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Financial Instruments (continued)

(6) Transfer of financial assets (continued)

③ Continuing recognition of transferred financial assets

Where the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the transferred financial asset in its entirety and recognises the consideration received as a financial liability.

The financial asset and the related financial liability recognised shall not be offset against each other. In subsequent accounting periods, enterprise continues to recognise the income (or gains) arising from the financial asset and the expenses (or losses) arising from the financial liability.

(7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset against each other. However, financial assets and financial liabilities shall be presented on a net basis in the statement of financial position when both of the following conditions are satisfied:

the Company has a legal right to set off the recognised amounts and such legal right is currently enforceable;

the Company intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not qualify for derecognition, the transferor shall not offset the transferred financial assets and the associated liabilities.

(8) Determination of Fair Value of Financial Instruments

The methods for determining the fair value of financial assets and financial liabilities are disclosed in Note III.12.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of the relevant assets or liabilities using the price in the principal market. In the absence of a principal market, the Company measures the fair value of the relevant assets or liabilities using the price in the most advantageous market. The Company uses assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

The principal market is the market with the greatest volume of activity and the highest level of activity for the relevant asset or liability. The most advantageous market is the market that, after taking into account transaction costs and transport costs, maximises the amount that would be received from selling the relevant asset or minimises the amount that would be paid to transfer the relevant liability.

For financial assets or financial liabilities with an active market, the Company determines their fair value based on quoted prices in the active market. For financial instruments without an active market, the Company determines their fair value using valuation techniques.

For non-financial assets measured at fair value, the Company considers the ability of market participants to generate economic benefits by using the asset in its highest and best use, or by selling the asset to another market participant that would use the asset in its best use.

① Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient available data and other information support their application. The valuation techniques primarily include the market approach, income approach and cost approach. The Company measures fair value using a method that is consistent with one or more of the valuation techniques. Where multiple valuation techniques are used to measure fair value, the Company considers the reasonableness of each valuation result and selects the amount that best represents fair value under the circumstances at that time as the fair value.

In applying valuation techniques, the Company gives priority to the use of relevant observable inputs and uses unobservable inputs only when relevant observable inputs are unavailable or their use is impracticable. Observable inputs are inputs that are obtained from market data and reflect the assumptions that market participants would use when pricing the relevant asset or liability. Unobservable inputs are inputs that are not obtained from market data and are developed based on the best information available about the assumptions that market participants would use in pricing the relevant asset or liability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Fair Value Measurement (continued)

② Fair value hierarchy

The Company categorises the inputs used in fair value measurements into three levels and gives priority to the use of Level 1 inputs, followed by Level 2 inputs and then Level 3 inputs. Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that are available at the measurement date. Level 2 inputs are inputs, other than Level 1 inputs, that are observable for the relevant asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the relevant asset or liability.

13. Inventories

(1) Classification of inventories

Inventories refer to finished goods or commodities held by the Company for sale in the ordinary course of activities, products in progress in the production process, materials and supplies consumed in the production process or the provision of labor services, etc., including raw materials, work in progress, goods in stock, goods shipped, consigned materials for processing, and contract performance costs, etc..

(2) Pricing of inventories dispatched

Inventories of the Company are measured at their actual cost when obtained. Cost of raw materials, goods in stock and others will be calculated with weighted average method when being dispatched.

(3) Inventory stock taking system

The Company implements permanent inventory system as its inventory stock taking system, which is physically counted at least once a year. Any surplus or shortage arising from stocktakes is recognised in profit or loss for the year.

(4) Recognition of and provision for inventory impairment

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost of inventories is higher than its net realisable value, a provision for inventory impairment is made and recorded in profit or loss for the period.

The net realisable value of inventories shall be determined on the basis of definite evidence, and take into account factors such as the purpose of holding the inventories and effect of after-balance-sheet date events.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Inventories (continued)

(4) Recognition of and provision for inventory impairment (continued)

① For finished goods, merchandise and materials held for sale, net realisable value is determined in the ordinary course of business based on the estimated selling price less the estimated costs of selling and related taxes. For inventories held to fulfil sales contracts or service contracts, the contract price is used as the basis for determining their net realisable value. Where the quantity of inventories held exceeds the quantity specified in the sales contracts, the excess inventories are measured at net realisable value based on the general selling price. For materials held for sale, net realisable value is determined based on the prevailing market price.

② For materials requiring further processing, net realisable value is determined in the ordinary course of business based on the estimated selling price of the finished goods to be produced less the estimated costs to complete, the estimated costs of selling and the related taxes. Where the net realisable value of the finished goods to be produced exceeds their cost, the materials are measured at cost. Where a decline in the price of materials indicates that the net realisable value of the finished goods is lower than their cost, the materials are measured at net realisable value and a provision for inventory impairment is recognised for the difference.

③ Provision for inventory impairment is generally made on an item-by-item basis. For inventories comprising a large number of items with relatively low unit values, provision is made by category of inventory.

④ Where the circumstances that previously resulted in the write-down of inventories no longer exist at the balance sheet date, the amount of the write-down is reversed to the extent of the original provision for inventory impairment recognised. The amount of the reversal is recognised in profit or loss for the period.

(5) Amortisation of revolving materials

① Amortization method for low-value consumables: Low-value consumables are amortised using one-off method when issued for use.

② Amortization method for packaging materials: Packaging materials are amortised using one-off method when issued for use.

14. Contract Assets and Contract Liabilities

Contract assets and contract liabilities are presented in the balance sheet based on the relationship between the Group's performance obligations and customers' payments. A contract asset represents the Group's right to consideration in exchange for goods transferred or services rendered to a customer where such right is conditional on factors other than the passage of time. A contract liability represents the Group's obligation to transfer goods or provide services to a customer for which consideration has been received or is receivable from the customer.

Contract assets and contract liabilities are presented separately in the balance sheet Contract assets and contract liabilities arising from the same contract are presented on a net basis. Where the net balance is in a debit position, it is presented as "Contract assets" or "Other non-current assets", depending on its liquidity. Where the net balance is in a credit position, it is presented as "Contract liabilities" or "Other non-current liabilities", depending on its liquidity. Contract assets and contract liabilities arising from different contracts are not offset against each other.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Contract Costs

Contract costs are divided into contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract are recognized as an asset as contract performance costs when the following conditions are met:

① The cost is directly related to a current or expected contract, including direct labour, direct materials, manufacturing expenses (or similar costs), costs explicitly chargeable to the customer and other costs incurred solely as a result of the contract.

② The cost increases the resources of the Company to fulfill its performance obligations in the future.

③ The cost is expected to be recovered.

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

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

For assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess and recognize it as asset impairment loss and further consider whether to recognize a provision for losses related to onerous contracts:

① The remaining consideration expected to be obtained by the transfer of goods or services related to the asset;

② The cost expected to be incurred for the transfer of the relevant goods or services.

If the impairment provision of the above-mentioned asset is subsequently reversed, the book value of the reversed asset shall not exceed the book value of the asset on the date of the reverse assuming no provision for impairment is made.

Contract performance costs recognized as assets are amortized over a period not exceeding one year or one normal operating cycle, and are included in the “Inventories” item at initial recognition; if the amortization period exceeds one year or one normal operating cycle, they are included in the “Other non-current assets” item at initial recognition.

Contract acquisition costs recognized as assets are included in the “Other current assets” item at initial recognition if the amortization period does not exceed one year or one normal operating cycle; if the amortization period exceeds one year or one normal operating cycle, they are included in the “Other non-current assets” item at initial recognition.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-Term Equity Investments

The Company's long-term equity investments include the equity investments for exerting control or significant influences on investees and the equity investments in joint ventures. Investees on which the Company can exert significant influence are considered as associates of the Company.

(1) Basis for determining the joint control and significant influence on the investees

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In determining whether there is a joint control, the first judgement is to determine whether the relevant arrangement is controlled collectively by all the parties involved or the group of the parties involved, if the parties involved or the group of the parties involved must act in concert to determine the relevant arrangement, it is considered that the parties involved or the group of the parties involved control the arrangement; and then determine whether the decision on the arranged activity can be made only with the unanimous consent of the participants sharing the control, if there are two or more participant groups that can collectively control certain arrangement, it does not constitute joint control. When determining if there is any joint control, the relevant protection rights will not be taken into consideration.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control with other parties over the formulation of those policies. When determining if there is any significant influence on the investee, the influence of the voting shares of the investee held by the investor directly and indirectly and the potential voting rights held by the investor and other parties which are exercisable in the current period and converted to the equity of the investee, including the warrants, stock options and convertible bonds that are issued by the investee and can be converted in the current period, shall be taken into consideration.

When the Company holds directly or indirectly through the subsidiary 20% (inclusive) or more but less than 50% of the voting shares of the investee, it is generally considered to have significant influence on the investee, unless there is concrete evidence to prove that it cannot participate in or substantially influence the production and operation decision making of the investee.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-Term Equity Investments (continued)

(2) Determination of initial investment cost

① For long-term equity investment through a business combination, the investment cost should be determined as follows:

A. The initial investment cost of a long-term equity investment acquired through a business combination involving entities under common control shall be the Company's share of the carrying amount of shareholders' equity of the party being combined at the combination date, if the consideration for such combination is settled in cash, by way of transfer of non-cash assets or assumption of liabilities. The difference between the initial investment cost of the long-term equity investment and the total amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted to capital reserve. If the balance of the capital reserve is insufficient, any excess is adjusted to retained profits;

B. For a long-term equity investment acquired through a business combination involving entities under common control, if the consideration for such combination is settled by issuance of equity securities by the combining party, the initial investment cost of the long-term equity investment is the combining party's share of the carrying amount of combined party's equity at the combination date in the consolidated financial statements of ultimate holding party. If the capital is taken to be the total par value of the shares issued, the difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued shall be adjusted to capital reserve. If the balance of the capital reserve is insufficient, any excess is adjusted to retained profits;

C. For a long-term equity investment acquired through a business combinations not involving entities under common control, the fair value of assets paid, liabilities produced/assumed and equity securities issued on the date of acquisition on the purpose of obtaining control of the acquiree is deemed as the cost of combination and will be recognised as the initial investment cost of the long-term equity investment. The audit, legal service and appraisal consultation fees and other intermediary fees as well as other relevant management fees of the combining party for business combination shall be included in the profit or loss for the period in which they are incurred

② For long-term equity investments acquired other than through a business combination, the investment cost is determined as follows:

A. for long-term equity investment acquired by cash payment, the investment cost is the amount actually paid for the purchase. The initial investment cost includes fees, taxes and other necessary expenses, which are directly related to the long-term equity investment;

B. for long-term equity investment acquired through issuing equity securities, the initial investment cost is the fair value of the equity securities issued;

C. for long-term equity investment acquired by non-monetary asset exchange, the initial investment cost is the sum of the fair values and related taxes on condition that the exchange has commercial natures and that the fair values of exchanged assets can be reliably measured. The difference between the fair values and the carrying amount of exchanged assets shall be included in profit and loss for the current period. If either of the two conditions cannot be satisfied, the initial investment cost is the sum of the carrying amount of exchanged assets and related taxes;

D. for long-term equity investment acquired by debt restructuring, its book value is determined based on the fair value of the creditor's rights waived and the taxes that can be directly attributable to the asset and other costs, and the balance between the fair value and book value of the creditor's rights waived is included in current profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-Term Equity Investments (continued)

(3) Methods for follow-up measurement and profit and loss recognition

When the Company controls the investee, a long-term equity investment is accounted for using the cost method. The long-term equity investment in associates and joint ventures is accounted for using the equity method.

① The cost method

For long-term equity investments accounted for using the cost method, the long-term equity investment cost shall be adjusted in case of additional investment or disinvestment. The cash dividends or profits that the investee declares to distribute shall be recognised as the current investment income.

② The equity method

The general accounting treatment for the long-term equity investments accounted for using the equity method is as follows:

Where the investment cost of a long-term equity investment exceeds the Company's share of fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the Company's share of fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

The gain on investment and other comprehensive income shall be recognised at the Company's share of the net profit or loss and other comprehensive income realised by the investee, respectively, and carrying amount of the long-term equity investment shall be adjusted accordingly. Carrying amount of the long-term equity investment shall be reduced by the Company's share of the profit or cash dividend declared by the investee. In respect of the changes in owners' equity of the investee other than in net profit or loss, other comprehensive income and profit distribution, the carrying amount of the long-term equity investment shall be adjusted and included in the owners' equity. The Company recognises its share of the investee's net profit or loss based on fair value of the investee's identifiable net assets at the time of acquisition, after making appropriate adjustments thereto. In the case of any inconsistency between the accounting policies and accounting periods adopted by the investee and by the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the gain on investment and other comprehensive income shall be recognised accordingly. In respect of the transactions between the Company and its associates and joint ventures, the share of unrealised gain or loss arising from inter-group transactions shall be offset by the portion attributable to the Company, and the gain or loss on investment shall be recognised accordingly. Any unrealized loss arising from inter-group transactions between the Company and an investee should be recognised in full to the extent that the loss is impairment loss of the assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Long-Term Equity Investments (continued)

(3) Methods for follow-up measurement and profit and loss recognition (continued)

② The equity method *(continued)*

If significant influence or joint control over the investee without constituting control is realized due to reasons such as additional investment, the initial investment cost accounted for under the equity method instead shall be the sum of the fair value of the original equity investment and the cost of the additional investment. If the original equity investment is classified as an investment in other equity instruments, the difference between its fair value and carrying amount, together with the cumulative gains or losses originally included in other comprehensive income in relation to it are transferred to retained earnings from other comprehensive income for the period when accounted for using the equity method instead.

If loss of joint control or significant influence over the investee is realized due to reasons such as disposal of part of the equity investment, the remaining equity after disposal shall be measured at fair value, and the difference between its fair value and the carrying amount as at the date on which joint control or significant influence is lost shall be included in profit or loss for the period. Other comprehensive income recognized from original equity investment using the equity method is accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is no longer used.

(4) Held-for-sale equity investments

The remaining equity investments that are not classified as assets held for sale shall be accounted for using equity method.

The equity investments in associates or joint ventures that have been classified as held for sale but no longer meet the criteria of assets held for sale shall be adjusted retroactively using equity method from the date of being classified as assets held for sale. The financial statements for the period during which it was classified as held for sale shall be adjusted accordingly.

(5) Impairment test method and impairment provision

For investment in subsidiary, joint venture and associate, the method for making asset impairment provision is set out in Note III. 21.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Fixed Assets

Fixed assets refer to tangible assets of relatively high unit value, held for the production of merchandise, provision of labor services, renting or operational management with useful life over one year.

(1) Recognition criteria

Fixed assets are recognized at their actual cost at the time of acquisition when all of the following conditions are met:

① economic benefits related to such fixed assets are likely to flow into the enterprise.

② costs of such fixed assets can be reliably measured.

Subsequent expenditure on fixed assets that meets the recognition criteria for fixed assets is included in the cost of those fixed assets; expenditure that does not meet the recognition criteria is recognised in profit or loss for the period in which it is incurred.

(2) Depreciation method

The Company calculates depreciation using the straight-line method starting from the month following the month in which a fixed asset reaches its intended use, and determines the depreciable life and annual depreciation rate separately for each category of fixed assets based on their estimated economic useful lives and expected net residual value rates, as follows:

Category	Depreciation method	Depreciable life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	5.00-30.00	10	18.00-3.00
Machine and equipment	Straight-line method	5.00-12.00	10	18.00-7.50
Transportation equipment	Straight-line method	5.00-10.00	10	18.00-9.00
Office equipment	Straight-line method	3.00-10.00	10	30.00-9.00
Tools and equipment	Straight-line method	5.00-10.00	10	18.00-9.00
Other equipment	Straight-line method	5	10	18

For fixed assets for which an impairment provision has been made, such provision is deducted when calculating depreciation.

The Company will re-check the useful lives, estimated net residual value and depreciation method of the fixed assets at the end of each year. When there is any difference between the useful lives estimate and the originally estimated value, the useful lives of the fixed asset shall be adjusted.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Construction in Progress

(1) Constructions in progress are accounted for by individual projects.

(2) Criteria and time point for construction in progress being transferred to fixed assets

Construction in progress is measured at all the expenditures incurred to bring the fixed assets to their intended use. It comprises construction cost, original cost of machines and equipment, other expenditures necessary for the purpose of preparing the construction in progress for its intended use, borrowing costs arising from specific borrowings before the construction assets are ready for their intended use, and borrowing costs incurred from general borrowings utilized for such project. Construction in progress is transferred to the fixed assets when the assets are ready for their intended use upon the completion of engineering installation or construction. If the fixed assets constructed are ready for their intended use but the final account of completed project has not been issued, they should be transferred to fixed assets at estimated costs according to the construction budget, construction cost or actual cost, and depreciation should be provided according to the Company's depreciation policy for fixed assets from the date when the assets are ready for their intended use. When the final account of completed project is issued, the estimated costs will be adjusted according to the actual costs, while the depreciation provided will not be adjusted.

The specific criteria and time point for transfer of the Company's various categories of constructions in progress to fixed assets are as follows:

Category	Criteria and time point for transferred to fixed assets
Buildings and structures	(1) the main construction works and ancillary works have been substantially completed; (2) the construction project meets the pre-determined design requirements and it has been inspected and accepted by survey, design, construction, supervision and other entities; (3) they have been inspected and accepted by departments such as fire protection department, land and resources department, planning department; and (4) if the construction projects reach the intended use but has not yet completed the final account, they will be transferred to fixed assets at the estimated value based on the actual cost of construction from the date when they reach the intended use.
Machine and equipment	(1) the relevant equipment and other ancillary facilities have been installed; (2) the equipment can maintain a normal and stable operation over a period of time after commissioning; (3) production equipment are able to steadily produce qualified products over a period of time; and (4) the equipment has been inspected and accepted by asset management personnel and users.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

19. Borrowing Costs

(1) Principles of recognition for capitalisation of the borrowing costs and capitalisation period

The borrowing costs incurred by the Company directly attributable to the acquisition and construction or production of assets eligible for capitalisation are capitalised as part of the relevant cost of assets when all of the following conditions are satisfied:

① the capital expenditure has been incurred;

② the borrowing costs have been incurred;

③ activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use have commenced.

Other interests, discounts or premiums related to borrowings and exchange differences arising from foreign currency borrowings are included in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted for a continuous period of more than 3 months.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised as an expense in the period in which they are incurred.

(2) Capitalisation rate and calculation of capitalisation of borrowing costs

For the borrowings that are made specifically for the acquisition and construction or production of a qualified asset, the amount of borrowing costs to be capitalised is calculated by actual interest expense during the period that it occurred less any interest income earned from outstanding borrowings deposited in the bank or any investment income on the temporary investment made from such borrowings.

For the borrowings that are made for a general purpose and used for the acquisition and construction or production of a qualified asset, the amount of interest to be capitalized on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Intangible Assets

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

① Estimate of useful life for the intangible assets with limited useful life:

Item	Estimated useful life	Basis
Land use rights	40-50 years	Beneficial period as stated in the land use right certificates
Land use rights in Thailand	Indefinite useful life	Under Thai law, land ownership can be held indefinitely
Computer software	3-5 years	Determined with reference to the period over which it is expected to generate economic benefits for the Company

For intangible assets with limited useful life, the Company reviews the useful life and the amortisation method at the end of each year. After review, the useful life and amortisation method of intangible assets at the end of the period remain the same as the previous period.

② An intangible asset is regarded as having an indefinite useful life when the term over which the asset is expected to generate economic benefits for the company cannot be estimated. For an intangible asset with indefinite useful life, the Company reviews the useful life of the asset at the end of each year. If the useful life remains indefinite after the review, an impairment test shall be conducted on the balance sheet date.

③ Amortisation of intangible assets

For intangible assets with limited useful life, the Company shall determine the useful life upon acquisition. It shall be amortised within its useful life systematically and reasonably by using straight-line method. The amortisation amount shall be included in the profit or loss for the period under the benefited item, or included in the cost of related assets. The reasonable amortisation amount of intangible assets shall be its cost minus the expected residual value. For intangible assets with an impairment provision, the accumulative amount of impairment provision shall be deducted from the cost as well. The residual value of intangible assets with limited useful life is assumed to be zero, except in the following circumstances: a third party promises to purchase the intangible asset at the end of its useful life, or an estimation of residual value information can be obtained from an active market and the market is very likely to exist at the end of the useful life of the intangible asset.

Intangible assets with indefinite useful life shall not be amortised. The useful life of intangible assets with indefinite useful life shall be reviewed at the end of each year. If there is any evidence showing that the useful life of the intangible asset is limited, its useful life shall be estimated and the assets should be amortised systematically and reasonably in its useful life.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Intangible Assets (continued)

(2) Classification of research and development expenditure and related accounting policies

The Company classifies as research and development expenditure all expenses that are directly attributable to the conduct of research and development activities, including staff costs of research and development personnel, direct input costs, depreciation expenses and long-term prepaid expenses, design costs, amortisation of intangible assets, external research and development costs, and other related expenses.

① The Company regards the preparation activities of information and other related aspects for further development activities as the research stage. Expenditure on the research phase is recognised in the profit or loss for the period in which it is incurred.

② The Company regards subsequent development activities after the work at research stage is completed as the development stage.

Expenditure at development phase is recognised as intangible assets when all of the following conditions are satisfied:

A. the technical feasibility of completing the intangible asset so that it will be available for use or sale;

B. the intention to complete the intangible asset and use or sell it;

C. how the intangible asset will generate economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

D. the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;

E. its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Development expenditure that does not satisfy the foregoing criteria is charged to profit or loss when incurred.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Impairment of Long-term Assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, fixed assets subsequently measured at cost, construction in progress, right-of-use assets measured at cost, intangible assets and others (excluding inventories, deferred income tax assets and financial assets) is determined as follows:

The Company determines if there is any indication of asset impairment as at the balance sheet date. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for impairment test. Goodwill arising from business combinations, intangible assets with an indefinite useful life and intangible assets not yet available for use will be tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount of an individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The determination of an asset group is based on whether major cash inflows generated by the asset group are independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction amount is charged to profit or loss and an impairment provision is made accordingly.

For the purpose of impairment test of goodwill, the carrying amount of goodwill acquired in a business combination is allocated to the relevant asset groups on a reasonable basis from the acquisition date; where it is difficult to allocate to the related asset groups, it is allocated to the combination of related asset groups. The related asset groups or combination of asset groups are those which can benefit from the synergies of the business combination and are not larger than the reportable segments identified by the Company.

In the impairment test, if there is any indication that an asset group or a combination of asset groups related to goodwill may be impaired, the Company first tests the asset group or combination of asset groups excluding goodwill for impairment, calculates the recoverable amount and recognises the corresponding impairment loss. An impairment test is then carried out on the asset group or combination of asset groups containing goodwill by comparing its carrying amount with its recoverable amount. If the recoverable amount is lower than the carrying amount, an impairment loss is recognised for goodwill.

An impairment loss recognised shall not be reversed in a subsequent period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Long-term Prepaid Expenses

Long-term prepaid expenses account for all expenses which have occurred with amortization period over 1 year and shall be borne by the current period and subsequent periods.

The long-term prepaid expenses of the Company are amortised equally over the benefit periods.

23. Employee Benefits

Employee benefits are all forms of considerations or compensation given by the Company in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term staff remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Employee benefits include benefits provided to employees' spouses, children, other dependents, survivors of the deceased employees or other beneficiaries.

Employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" in the balance sheet, respectively, according to liquidity.

(1) Accounting treatment of short-term benefits

① Basic employee compensation (salaries, bonuses, allowances and subsidies)

The Company recognises the actual short-term employee benefits incurred as a liability in the accounting period in which employees render services to the Company, and records them in profit or loss for the current period, except where other accounting standards require or permit such benefits to be included in the cost of assets.

② Employee welfare expenses

Employee welfare expenses incurred by the Company are recognised in profit or loss or in the cost of related assets at the actual amount incurred when they arise. Non-monetary employee welfare benefits are measured at fair value.

③ Social insurance premiums (including medical insurance, work-related injury insurance and maternity insurance), housing fund, trade union dues and employee education expenses

Social insurance premiums (including medical insurance, work-related injury insurance and maternity insurance), housing fund, trade union dues and employee education expenses (as determined in accordance with prescribed contribution bases and rates) are recognised as employee benefit liabilities in the accounting period in which employees render services, with a corresponding charge to profit or loss for the current period or to the cost of related assets.

④ Short-term paid absences

The Company recognises employee benefits arising from accumulating paid absences when employees render services that increase their entitlement to future paid absences, measured at the expected additional payments resulting from unused entitlements. Employee benefits relating to non-accumulating paid absences are recognised in the accounting period in which the absences occur.

⑤ Short-term profit-sharing plans

The Company recognises a liability for employee benefits under a profit-sharing plan when, and only when, both of the following conditions are satisfied:

A. the Company has a present legal or constructive obligation to make such payments as a result of past events;

B. the amount of the obligation arising from the profit-sharing plan can be estimated reliably.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee Benefits (continued)

(2) Accounting treatment of post-employment benefits

① Defined contribution plans

The Company recognises the contributions payable under defined contribution plans as a liability in the accounting period in which employees render services to the Company, and records them in profit or loss for the current period or in the cost of related assets.

Where the full amount of contributions payable under a defined contribution plan is not expected to be settled within twelve months after the end of the annual reporting period in which the employees render the related services, the Company measures the employee benefit liability at the discounted amount of such contributions, using the appropriate discount rate determined by reference to the market yield on government bonds or high-quality corporate bonds in active markets that have a maturity and currency matching those of the defined contribution plan obligations at the balance sheet date.

② Defined benefit plans

A. Determination of the present value of defined benefit obligations and current service cost

The Company estimates the obligations arising from defined benefit plans and determines the attribution of related obligations to periods of service using the projected unit credit method, with unbiased and mutually consistent actuarial assumptions regarding demographic and financial variables. The obligations are discounted using the appropriate discount rate determined by reference to the market yield on government bonds or high-quality corporate bonds in active markets that have a maturity and currency matching those of the defined benefit plan obligations at the balance sheet date, in order to determine the present value of the defined benefit obligations and current service cost.

B. Recognition of defined benefit net liability or net asset

Where a defined benefit plan has assets, the Company recognises the deficit or surplus arising from the present value of the defined benefit obligations less the fair value of the plan assets as a defined benefit net liability or net asset.

Where a defined benefit plan has a surplus, the Company measures the defined benefit net asset at the lower of the surplus and the asset ceiling.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee Benefits (continued)

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

② Defined benefit plans (continued)

C. Determination of amounts to be recognised in asset cost or current profit or loss

Service costs, comprising current service cost, past service cost and settlement gains or losses, are recognised in current profit or loss, except that current service cost required or permitted by other accounting standards to be included in the cost of assets is capitalised accordingly.

The net interest on the defined benefit net liability or net asset, comprising interest income on plan assets, interest expense on defined benefit obligations and the effect of the asset ceiling, is recognised in current profit or loss.

D. Determination of amounts to be recognised in other comprehensive income

Changes arising from the remeasurement of the defined benefit net liability or net asset, comprising:

(a) actuarial gains or losses, being increases or decreases in the present value of the defined benefit obligations previously measured as a result of actuarial assumptions and experience adjustments;

(b) return on plan assets, excluding amounts included in the net interest on the defined benefit net liability or net asset;

(c) changes in the effect of the asset ceiling, excluding amounts included in the net interest on the defined benefit net liability or net asset.

The above Changes arising from the remeasurement of the defined benefit net liability or net asset are recognised directly in other comprehensive income and are not permitted to be reclassified to profit or loss in subsequent accounting periods. Upon the termination of the original defined benefit plan, the Company transfers all amounts previously recognised in other comprehensive income to retained profits within equity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee Benefits (continued)

(3) Accounting treatment of termination benefits

The Company recognises a liability for employee benefits arising from termination benefits at the earlier of the following dates, and recognises the corresponding expense in profit or loss:

① when the Company can no longer unilaterally withdraw the termination benefits offered under a plan of termination or redundancy; and

② when the Company recognises the costs or expenses relating to a restructuring that involves the payment of termination benefits.

Where termination benefits are not expected to be settled wholly within twelve months after the end of the annual reporting period, the Company measures the employee benefit liability at the discounted amount of such benefits, using the appropriate discount rate determined by reference to the market yield on government bonds or high-quality corporate bonds in active markets that have a maturity and currency matching those of the termination benefit obligations at the balance sheet date.

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

① Where a defined contribution plan applies

Where other long-term employee benefits provided by the Company satisfy the conditions for a defined contribution plan, the Company measures the employee benefit liability at the discounted amount of the full contributions payable.

② Where a defined benefit plan applies

At the end of the reporting period, the Company recognises the employee benefit costs arising from other long-term employee benefits as the following components:

A. service costs;

B. net interest on the net liability or net asset for other long-term employee benefits;

C. changes arising from the remeasurement of the net liability or net asset for other long-term employee benefits.

For simplification purposes, the net total of the above items is recognised in profit or loss or in the cost of related assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Estimated Liabilities

(1) Recognition criteria for estimated liabilities

The Company shall recognise the obligations related to contingencies as estimated liabilities, when all the following conditions are satisfied:

① the obligation is a present obligation of the Company;

② it is probable that an outflow of economic benefits will be required to settle the obligation;

③ the amount of the obligation can be measured reliably.

(2) Method of measuring estimated liabilities

The estimated liabilities shall be initially measured based on the best estimate for the expenditure required for the performance of the current obligation, after taking into account relevant risks, uncertainties, time value of money and other factors pertinent to the contingencies. The carrying amount of estimated liabilities is reviewed at each balance sheet date. If there is convincing evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

25. Share-based Payments

(1) Type of Share-based payments

The Company's share-based payments include cash-settled share-based payments and equity-settled share-based payments.

(2) Confirmation methods for fair value of the equity instruments

① For shares granted to employees, the fair value is measured at the marketing price of the Company's shares, and adjusted in accordance with the terms and conditions of the granted shares at the same time (excluding the vesting conditions apart from the market condition).

② For stock options granted to employees, it is not easy to obtain the market price in most conditions. If no trade options with similar terms and conditions exist, the Company estimates the fair value of the granted options by selecting the applicable option pricing models.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Share-based Payments (continued)

(3) Basis for determining optimal estimation of exercisable equity instruments

On each balance sheet date within vesting period, the Company will make the best estimation according to the latest number of exercisable staff and other following-up information and modify the number of exercisable equity instruments, to make optimal estimation of exercisable equity instruments.

(4) Accounting treatment for implementation of share-based payment plan

Cash-settled share-based payments

① As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the Company shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. On each balance sheet date and each account date prior to the settlement, the fair values of the liabilities shall be re-measured and the changes shall be included in the current profits and losses.

② As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company.

Equity-settled share-based payments

① As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be increased accordingly.

② As to an equity-settled share-based payment in return for employee services, if the right cannot be exercised until services in the vesting period are completed or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Share-based Payments (continued)

(5) Accounting treatment for modification of share-based payment plan

When the Company modifies the share-based payment plan, if the fair value of the granted equity instrument is increased due to the modification, the increment of the obtained services shall be confirmed accordingly; and if the quantity of the granted equity instrument is increased due to the modification, the increment of obtained services shall be confirmed accordingly. The increment of fair value for equity instrument refers to the difference in fair value of the equity instrument before and after the modification on the modification date. If the terms and conditions of share-based payment plan is modified through decreasing the total share-based payment fair value or applying other ways not good for the employees, the accounting treatment shall be still carried out for the obtained service regardless of the occurrence of the modification unless the Company cancels all or part of the granted equity instruments.

(6) Accounting Treatment for Termination of Share-Based Payment Plan

If the granted equity instruments are canceled or settled within the vesting period (except that canceled due to failure to meet the vesting conditions), the Company shall:

① regard the canceling or settlement as acceleration of exercisable rights, and immediately confirm the amount supposed to be determined within the residual vesting period;

② regard all funds paid to employees as equity buy-back treatment during cancellation or settlement period, and the excess of paid buy-back amount over the fair value of the equity instrument on the buy-back date shall be included into the expenses of current period.

If the Company buys back the equity instrument of exercisable rights of its employees to write down the owner's right of enterprise, the excess of paid buy-back amount over the fair value of the equity instrument on the buy-back date shall be recorded in the current profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Recognition and Measurement of Revenue

(1) General principles

Revenue is the gross inflow of economic benefits arising in the course of the Company's ordinary activities when the inflows result in increase in shareholder's equity, other than increase relating to contributions from shareholders.

The Company recognises revenue when the performance obligation in a contract is fulfilled, namely the customer obtains control of relevant goods. Control of a good or service refers to the ability to direct the use of the good, and obtain substantially all of the benefits from the goods.

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

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the price of a contract transaction, if there is a variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, and will include it in the transaction price that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. If there is a major financing component in the contract, the Company will determine the transaction price based on the amount payable by the customer in cash at the point when the customer obtains control of the goods, and difference between such transaction price and the contract consideration is amortised over the contract period using the effective interest method; if the interval between the transfer of control rights and the payment of the customer's price is less than one year, the Company does not consider the financing component.

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

① at the same time when the company fulfills the obligation, the customer immediately obtains and consumes the economic benefits brought about by the company's performance;

② the customers can control the goods under construction in the course of the company's performance;

③ goods produced in the course of the Company's performance are irreplaceable. In addition, during the entire contract period, the Company has the right to collect the payments for the cumulatively completed parts of performance.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Recognition and Measurement of Revenue (continued)

(1) General principles (continued)

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

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

① the company enjoys the right to collect cash on the goods, that is, the customer has the obligation to pay for the goods or services at the present time;

② the company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity;

③ the company has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods;

④ the company has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity;

⑤ the customer has accepted the goods.

(2) The specific method

The Company's revenue is primarily derived from sales of goods. The Company manufactures and sells PCB products.

The specific method for revenue recognition from sales of goods of the Company is as follows:

For transactions conducted with customers under vendor-managed inventory (VMI) or just-in-time (JIT), sales revenue is recognised upon usage of our products by the customer and subsequent mutual confirmation between both parties. For all other transactions, sales revenue is recognised upon receipt of the goods by the customer (or its designated party).

Certain contracts between the Company and its customers containing sales rebate arrangements, which forms a variable consideration. The Company determines the best estimates of the variable consideration based on the expected or the most probable value. However, the sales price including variable considerations should not exceed the amount accumulatively recognized which is not likely to be significantly reversed when the uncertainty disappears.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Government Grants

(1) Recognition of government grants

Government grants shall only be recognised until there is reasonable assurance that:

① the Company will comply with the conditions attached to the government grants;

② the government grants will be received.

(2) Measurement of government grants

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. Where fair value cannot be reliably determined, it shall be measured at nominal value of RMB1.

(3) Accounting treatment of government grants

① Asset-related government grants

The government grants obtained by the Company for construction or forming long-term assets in other ways shall be classified as government grants related to assets. Government grants related to assets shall be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the assets in a reasonable and systematic manner. The government grants measured in nominal amount shall be directly included in the current profit or loss. If relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the balance of relevant deferred income that has not been allocated shall be transferred to the profit or loss of the current period of asset disposal.

② Income-related government grants

Government grants other than asset-related government grants shall be classified as income-related government grants. Income-related government grants shall be accounted for according to the following provisions:

If they are used to compensate the relevant costs or losses of the Company in subsequent periods, they shall be recognized as deferred income and included in the current profit or loss during the period when the relevant costs or losses are recognized;

If they are used to compensate the relevant costs or losses incurred by the Company, they shall be directly included in the current profit or loss.

For government grants that include both asset-related parts and income-related parts, different parts shall be accounted for separately; if they are difficult to distinguish, all of them shall be classified as income-related government grants.

Government grants related to the Company's daily activities shall be included in other income according to the nature of economic business. Government grants unrelated to the Company's daily activities shall be included in non-operating income and expenditure.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

27. Government Grants (continued)

(3) Accounting treatment of government grants (continued)

③ Interest subsidies for policy-related preferential loans

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

If the financial institutions allocate the interest subsidy directly to the Company, the interest subsidy is offset against the borrowing costs.

④ Clawback of government grants

When a recognized government grant needs to be returned, if the carrying amount of the relevant asset is offset at the initial recognition, the carrying amount of the asset is adjusted. If there is balance of relevant deferred income, the carrying amount of the relevant deferred income is offset and the excess is recognised in profit or loss in the current period. In other cases, it is directly included in profit or loss in the current period.

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities

In accordance with the temporary difference between the carrying value and tax base of assets and liabilities on the balance sheet date, the Company usually determines and measures the impact of taxable temporary difference or deductible temporary difference on the amount of income tax as the deferred income tax liability or deferred income tax asset by using the balance sheet liability method. The Company does not conduct discounting of any deferred income tax asset and deferred income tax liability.

(1) Recognition of deferred income tax asset

As for any deductible temporary difference, deductible tax losses that can carry forward to subsequent years and tax reduction, their impact on income tax is calculated at the income tax rate during the estimated switch-back period and recognized as deferred income tax asset, to the extent that it is probable that the amount of future taxable income will be available against which the deductible temporary differences, the deductible tax losses and tax reduction can be utilized.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(1) Recognition of deferred income tax asset (continued)

The impact of deductible temporary difference on the amount of income tax, which is arisen from the initial recognition of assets or liabilities during a transaction or event which is simultaneously featured by the following, shall not be recognized as deferred income tax assets:

A. The transaction is not a business combination;

B. At the time of the transaction, neither accounting profit nor taxable profit (or deductible loss) is affected.

However, a single transaction that simultaneously meets the above two conditions and gives rise to equal taxable temporary differences and deductible temporary differences upon the initial recognition of assets and liabilities shall not be subject to such exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets. For the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in such transaction, the Company shall recognize the corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction occurs.

If the deductible temporary difference related to the Company's investments in the subsidiaries, associates and joint ventures can meet the following requirements simultaneously, its impact on income tax can be recognized as deferred income tax assets:

A. The temporary differences is likely to be reversed in the expected future;

B. It is likely to obtain taxable income that may be used for offsetting the deductible temporary difference;

On the balance sheet date, if there is conclusive evidence that it is likely to obtain sufficient taxable income to offset the deductible temporary difference in the future, the deferred income tax assets not recognized in the previous period shall be recognized.

The carrying value of deferred income tax assets shall be reviewed by the Company on balance sheet date. If it is unlikely to obtain sufficient taxable income to offset the benefit of the deferred income tax assets in the future, the carrying value of the deferred income tax assets shall be written down. When adequate taxable income is likely to obtain, the deducted amount shall be reversed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(2) Recognition of deferred income tax liabilities

The impact of all taxable temporary difference on income tax of the Company shall be measured at the income tax rate in the estimated reverse period, and this impact shall be determined as the deferred income tax liability, except for the following conditions:

① The impact of taxable temporary difference resulted from the following transactions and events on income tax shall not be recognized as the deferred income tax liability:

A. Initial recognition of business reputation;

B. Initial confirmation of assets or liabilities generated in transactions with the following characteristics: the transaction is not a business combination and, at the time of transaction, the accounting profits will not be affected, nor will the taxable amount or the deductible loss be affected.

② The impact of taxable temporary difference related to the Company's investments in the subsidiaries, associates and joint ventures on income tax is generally recognized as deferred income tax liability, excluding the ones which satisfy the following two conditions at the same time:

A. The Company can control the time of the reverse of temporary differences;

B. The temporary differences are unlikely to be reversed in the foreseeable future.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(3) Recognition of deferred income tax liabilities or assets related to special transactions and events

① Deferred income tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference generated in a business combination not under common control, the relevant deferred income tax expense (or income) is generally used to adjust the goodwill recognized in a business combination while the deferred income tax liabilities or assets are confirmed.

② Items directly included into owner's equity

The income taxes for the current period and deferred income tax related to the transactions or events directly recorded in the owner's equity shall be included in the owner's equity. The impact of temporary differences on income tax is included in the transactions and events of the owner's equity, including: other comprehensive income generated from the changes in the fair value of other debt investments, adjustments to opening retained earnings arising from the retrospective application of changes in accounting policies, and from the retrospective restatement of prior-period (material) accounting errors, and the mixed financial instruments with both liability and equity components are included into the owner's equity at initial recognition.

③ Deductible loss and tax deduction

A. Deductible loss and tax deduction arising from the Company's own operations

Deductible loss refers to the loss allowed to be covered by the taxable income in subsequent years as determined in the calculation based on the tax laws. The unused losses (deductible loss) and tax deduction, which can be carried-over in the future in accordance with tax law, are regarded as deductible temporary difference. If it is possible to obtain enough taxable income in the future period when the deductible loss and tax deduction are expected to be available, the relevant deferred income tax assets shall be recognized for the amount of the taxable income which can possibly be obtained, and the income tax expenses shall be deducted in the income statement for the current period at the same time.

B. Unused tax loss of the acquiree attributable to a business combination

In a business combination, the Company shall not recognize the deductible temporary difference obtained from the acquiree that does not meet the recognition criteria for deferred income tax asset on the purchasing date. Within 12 months after the purchasing date, if there is new or further information indicating that the conditions are existing on the purchasing date, and it is predicted that the economic benefit brought by the deductible temporary difference of the acquiree on the purchasing date can be realized, the relevant deferred income tax asset shall be recognized and the goodwill shall be reduced. If the goodwill is not enough for deduction, the difference shall be recognized as the current profit or loss. In addition to the above conditions, the deferred income tax asset related to business combination shall be recognized and included into the current profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(3) Recognition of deferred income tax liabilities or assets related to special transactions and events (continued)

④ Temporary difference due to elimination of consolidation

When the Company is preparing the consolidated financial statement, if the carrying value of the assets and liabilities in the consolidated balance sheet temporarily differ from the tax basis of the subject of tax payment it belongs because of the elimination of the unrealized profit or loss of internal transactions, the deferred tax assets or deferred tax liabilities shall be recognized in the consolidated balance sheet and the income tax expenses shall be adjusted in the consolidated income statement, except for deferred income taxes related to transactions or matters that are directly included into the owners' equity, and those related to business combinations.

⑤ Equity-settled share-based payments

If it is allowed for pre-tax deduction of share-based payment in accordance with the regulations of tax law, the Company shall calculate and determine the tax base and the resultant temporary difference based on the pre-tax deduction amount estimated as per information obtained at the end of the accounting period within the period where the cost is recognized in accordance with the accounting principles, and the relevant deferred income tax shall be recognized accordingly if the determination conditions are satisfied. If the estimated pre-tax deduction amount in the future exceeds the cost related to the share-based payment determined in accordance with accounting principles, the impact of such excess on income tax shall be directly included into the owner's equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments issued by the Company that are classified as equity instruments, where the relevant dividend distributions are deductible for enterprise income tax purposes in accordance with applicable tax policies, the Company shall recognise the income tax effects related to such dividends when recognising the dividends payable. Where the distributed profits are derived from transactions or events that previously gave rise to profits or losses, the income tax effects of such dividends shall be included in profit or loss for the period; where the distributed profits are derived from transactions or events previously recognised in owner's equity, the income tax effects of such dividends shall be included in owner's equity.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Deferred Income Tax Assets and Deferred Income Tax Liabilities (continued)

(4) Basis for net presentation of deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are presented net of offset when the following conditions are met:

① The company has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

② Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities. However, in each future period in which significant deferred income tax asset and deferred income tax liability are expected to reverse, the tax entity involved intends to settle the current income tax assets and current income tax liabilities on a net basis or simultaneously obtain assets and settle the current income tax liabilities.

29. Lease

(1) Identification of lease

On the commencement date of the contract, the Group assesses whether the contract is a lease or includes a lease, and if a party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease. In order to determine whether the contract has transferred the right to control the use of the identified assets within a certain period of time, the Group assesses whether the customers in the contract are entitled to substantially all the economic benefits arising from the use of the identified assets during the period of use and have the right to lead the use of identified assets during this period of use.

(2) Separate leases identification

When the contract contains multiple separate leases, the Group will split the contract and separate the leases for accounting treatment. The right to use the identified assets constitutes a separate lease in the contract if the following conditions are met:

① The lessee may benefit from using the asset alone or in conjunction with other resources that are readily available;

② The asset is not highly dependent or highly correlated with other assets in the contract.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(3) *Accounting treatment as a lessee*

On the commencement date of the lease period, the Company recognizes leases with a lease term of no more than 12 months with no purchase option as short-term leases; leases with lower value when a single leased asset is a brand-new asset is recognized as a low-value asset lease. If the Company subleases or expects to sublease the leased assets, the original lease is not recognized as a low-value asset lease.

For short-term leases and leases of low-value assets, the Company charges the lease payments to the cost of the relevant asset or current profit and loss on a straight-line basis over each period of the lease term.

Except for the above-mentioned short-term leases and low-value asset leases that adopt simplified treatment, on the commencement date of the lease period, the Company recognizes the right of-use assets and lease liabilities for the leases.

① Right-of-use assets

Right-of-use assets represent the lessee's right to use the leased asset for the lease term.

At the commencement date of lease term, right-of-use assets are measured initially at cost. Such cost comprises:

- the amount of the initial measurement of lease liability
- lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive);
- initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the leased assets, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease. The Company recognizes and measures the costs by using recognition criteria and measurement methods of estimated liabilities (see note III. (XXIV) for details). Such costs are incurred to produce inventories and included in the costs of inventory.

Right-of-use assets are depreciated by categories using the straight-line method. If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation rates are determined by reference to categories of right-of-use assets and estimated residual value rates over the estimated remaining useful life of leased asset; if there is no reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, depreciation rates are determined by reference to categories of right-of-use assets over the shorter of the lease term and the estimated remaining useful life.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(3) Accounting treatment as a lessee (continued)

① Right-of-use assets (continued)

The depreciation methods, depreciation periods, salvage value rates and annual depreciation rates for each category of right-of-use assets are as follows:

Category	Depreciation	Depreciation Period (Year)	Salvage Value Rate (%)	Annual Depreciation Rate (%)
Housing and building structure	Straight-line method	Lease term	0	Determined based the lease term

② Lease liabilities

At the commencement date, a lessee shall measure lease liabilities at the present value of the lease payments that are not paid at that date. Lease payments consist of the following five components:

- Fixed payments and in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- Payments for terminating the lease, if the lease term reflects the lessee exercising that option of terminating;
- Amounts expected to be payable by the lessee under residual value guarantees.

In calculating the present value of the lease payments, the Company uses the interest rate implicit in the leases or, if that rate cannot be readily determined, the incremental borrowing rate of the Company as the discount rate. The differences between the amount of lease payments and its present value are recognized as unrealized finance costs, for which interest expenses are calculated at the discount rate used to determine the present value of the lease payments over the lease term and are recorded in profit or loss. The variable lease payments not included in the measurement of the lease liability are charged to profit or loss in the period in which they are actually incurred.

After the commencement date of the lease term, when there is change in either the in-substance fixed payments, the amount expected to be payable under a residual value guarantee, the index or rate used to determine the amount of lease payments, the assessment results on the purchase options, extension options or termination options or the actual exercise of such options, the lease liability is remeasured to the present value of the revised lease payments, and a corresponding adjustment is made to the carrying amount of the right-of-use assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(2) Accounting treatment method for leasing as a lessor

On the commencement date of the lease, leases that transfer substantially all the risks and rewards of ownership of the leased asset are classified as finance leases, while others are classified as operating leases.

① Operating leases

The Company recognizes the lease receivables as rental income on a straight-line basis over the lease term, and the initial direct costs are capitalized and allocated on the same basis as that for the recognition of rental income and are charged in profit or loss in instalment. The variable lease payments received by the Company that are associated with the operating lease and are not included in the lease receivables are credited in the profit or loss when incurred.

② Finance leases

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases as at the commencement date of the lease (the aggregate sum of the unguaranteed residual values and the present value of the outstanding finance lease receivables as at the commencement date of the lease discounted using the interest rate implicit in the lease) and the relevant finance lease asset is derecognized. The Company calculates and recognizes the interest income at the interest rate implicit in the lease over the lease term.

The variable lease payments received by the Company that are not included in the measurement of net investment in the leases are included in the profit or loss when incurred.

(3) Accounting treatment for the lease changes

① Lease changes as a separate lease

If a finance lease changes and meets the following conditions, the Group will account for the change as a separate lease for accounting treatment: A. The change expands the scope of the lease by increasing the right to use one or more leased assets; B. The increased consideration is equal to the individual price of the expanded portion of the lease, as adjusted by the contractual situation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(3) Accounting treatment for the lease changes (continued)

② Lease changes not as a separate lease

A. The Company as a lessee

At the effective date of the lease changes, the Company re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change. When calculating the present value of the changed lease payments, the interest rate implicit in the lease for the remaining lease term is adopted as the discount rate; if the lease interest rate implicit in the lease for the remaining lease term cannot be readily determined, the lessee's incremental borrowing rate shall then be used as the discount rate on the effective date of the lease changes.

In view of the consequences of the above adjustment of the lease liabilities, the Company conducts accounting treatment in each of the following cases accordingly:

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

B. The Company as a lessor

When an operating lease is modified, the Company accounts for the modification as a new lease from the effective date of the modification, with any lease payments received or receivable relating to the lease prior to the modification treated as lease payments under the new lease.

Where a modification to a finance lease is not accounted for as a separate lease, the Company accounts for the modified lease under the following circumstances: if the lease would have been classified as an operating lease had the modification been effective at the inception date of the lease, the Company accounts for the modification as a new lease from the effective date of the modification, with the net investment in the lease immediately before the effective date of the modification recognised as the carrying amount of the lease asset; if the lease would have been classified as a finance lease had the modification been effective at the inception date of the lease, the Company accounts for the modification in accordance with the provisions relating to the modification or renegotiation of contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Lease (continued)

(4) Sale and leaseback

The Company assesses whether the transfer of the asset in a sale and leaseback transaction constitutes a sale in accordance with the provisions set out in Note III.26.

① The Company as the seller (lessee)

If the transfer of the asset in a sale and leaseback transaction does not constitute a sale, the Company continues to recognise the transferred asset and simultaneously recognises a financial liability equal to the transfer proceeds, and accounts for such financial liability in accordance with Note III.11. If the transfer of the asset constitutes a sale, the Company measures the right-of-use asset arising from the leaseback at the portion of the previous carrying amount of the asset that relates to the right of use retained through the leaseback, and recognises only the gain or loss relating to the rights transferred to the lessor.

② The Company as the buyer (lessor)

If the transfer of the asset in a sale and leaseback transaction does not constitute a sale, the Company does not recognise the transferred asset, but recognises a financial asset equal to the transfer proceeds, and accounts for such financial asset in accordance with Note III.11. If the transfer of the asset constitutes a sale, the Company accounts for the purchase of the asset in accordance with other applicable accounting standards, and accounts for the leasing of the asset in accordance with the relevant provisions.

30. Restricted shares

Under the equity incentive plan, the Company grants restricted shares to the incentive participants. The incentive participants subscribe for the shares in the first instance. If the vesting conditions specified in the equity incentive plan are not subsequently met, the Company repurchases the shares at the pre-agreed price. Where the restricted shares issued to employees have completed the relevant procedures for capital increase, including registration, in accordance with applicable regulations, on the grant date, the Company recognises share capital and capital reserve (share premium) based on the subscription proceeds received from the employees; simultaneously, it recognises treasury shares and other payables in respect of the repurchase obligation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Significant accounting judgements and estimates

The Company continuously evaluates the significant accounting estimates and key assumptions applied, based on historical experience and other factors, including reasonable expectations of future events. The significant accounting estimates and key assumptions that are likely to give rise to a material risk of adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(1) Classification of financial assets

The significant judgements involved in determining the classification of financial assets include the analysis of the business model and the characteristics of the contractual cash flows.

The Company determines the business model for managing financial assets at the portfolio level, taking into account factors such as the manner in which the performance of the financial assets is evaluated and reported to key management personnel, the risks that affect the performance of the financial assets and how such risks are managed, and the manner in which compensation is determined for the relevant business management personnel.

In assessing whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement, the Company makes the following key judgements: whether the principal may vary over time or in amount during the life of the instrument due to factors such as prepayment; whether the interest only includes consideration for the time value of money, credit risk, other basic lending risks, and the costs and profit margins. For example, whether the prepayment amount only reflects the unpaid principal and interest on the outstanding principal, together with reasonable compensation for the early termination of the contract.

(2) Measurement of expected credit losses on trade receivables

The Company measures expected credit losses on trade receivables based on the exposure to default risk and the expected credit loss rate, with the expected credit loss rate determined using probability of default and loss given default. In determining the expected credit loss rate, the Company utilises internal historical credit loss experience and other relevant data, adjusted to reflect current conditions and forward-looking information. In considering forward-looking information, the indicators used by the Company include the risk of economic downturn, changes in the external market environment, the technological environment and customer circumstances. The Company regularly monitors and reviews the assumptions relating to the calculation of expected credit losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Significant accounting judgements and estimates (continued)

(3) Provision for inventory write-down

In accordance with its accounting policies for inventories, the Company measures inventories at the lower of cost and net realisable value, and provides for inventory write-downs on inventories whose cost exceeds their net realisable value, as well as on obsolete and slow-moving inventories. The write-down of inventories to net realisable value is based on an assessment of the marketability and net realisable value of the inventories. The identification of inventory write-downs requires management to make judgements and estimates based on obtaining persuasive evidence, taking into account factors such as the purpose of holding the inventories and the effects of events after the reporting period. Differences between actual results and the original estimates will affect the carrying amount of inventories and the recognition or reversal of inventory write-downs in the period in which such estimates are changed.

(4) Impairment of long-lived assets

The Company assesses at each balance sheet date whether there is any indication that non-current assets other than financial assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually, and are also tested for impairment when there is an indication of impairment. Other non-current assets other than financial assets are tested for impairment when there is an indication that their carrying amounts may not be recoverable.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its present value of expected future cash flows.

The fair value less costs of disposal is determined by reference to the selling price in a sale agreement for similar assets in an arm's length transaction, or observable market prices, less incremental costs directly attributable to the disposal of the asset.

In estimating the present value of expected future cash flows, significant judgements are required in respect of the production volume, selling price, related operating costs, and the discount rate used in calculating the present value. The Company uses all available information in estimating the recoverable amount, including forecasts of production volume, selling price and related operating costs based on reasonable and supportable assumptions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Significant accounting judgements and estimates (continued)

(5) Depreciation and amortisation

The Company depreciates fixed asset and amortises intangible assets on a straight-line basis over their useful lives, after taking into account their residual values. The Company regularly reviews the useful lives of such assets to determine the amount of depreciation and amortisation expense to be recognised in each reporting period. Useful lives are determined based on the Company's past experience with similar assets and expected technological updates. If there is a significant change in previous estimates, depreciation and amortisation expense will be adjusted in future periods.

(6) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that sufficient taxable profits will be available against which such losses can be utilised. This requires management to exercise significant judgement in estimating the timing and amount of future taxable profits, together with tax planning strategies, in order to determine the amount of deferred tax assets to be recognised.

(7) Income tax

In the normal course of business, certain transactions of the Company are subject to inherent uncertainty regarding their ultimate tax treatment and computation. Whether certain items are deductible for tax purposes is subject to the approval of the tax authorities. Should the final determination of these tax matters differ from the amounts originally estimated, such differences will affect the current income tax and deferred tax for the period in which such final determination is made.

32. Changes in Significant Accounting Policies and Accounting Estimates

(1) Changes in significant accounting policies

During the reporting period, the Company had no significant changes in accounting policies.

(2) Changes in significant accounting estimates

During the reporting period, the Company had no significant changes in accounting estimates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

IV. TAXATION

1. Major Taxes and Tax Rates

Tax	Tax basis	Tax rate (%)
Value-added tax	Taxable revenue	13, 9, 6, 7, 0
Urban maintenance and construction tax	Taxable turnover tax amount	7, 5
Corporate income tax	Taxable income	0, 8.25, 15, 16.5, 21, 25

The applicable corporate income tax rates for the Company's subsidiaries

Name of taxable entity	Corporate income tax rate (%)
Delton Technology (Guangzhou) Inc.	15
Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司)	15
DELTON TECHNOLOGY INTERNATIONAL LIMITED	16.5, 8.25 (note 1)
Delton Numerical Control Technology (Dongguan) Co., Ltd. (東莞廣合數控科技有限公司)	25
Delton Investment Holdings Limited	25
Delton Technology (Thailand) Co.,Ltd	0
Delton Technology Inc	21

Note 1: Pursuant to the Inland Revenue Ordinance promulgated by the Inland Revenue Department of the Government of the Hong Kong Special Administrative Region of the People's Republic of China, profits tax is payable at the rate of 8.25% on assessable profits up to HK$2 million, and at the rate of 16.5% on the portion of assessable profits exceeding HK$2 million.

2. Tax Concessions and Approvals

(1) Corporate income tax concessions

① The Company has been accredited as a National High-tech Enterprise. On December 28, 2023, the Company passed the review for the renewal of its high-tech enterprise qualification and obtained the High-tech Enterprise Certificate with certificate number GR202344004965. In accordance with the Corporate Income Tax Law and relevant regulations, the Company is entitled to a reduced corporate income tax rate of 15% for the reporting period.

② On December 8, 2023, the subsidiary Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司) was accredited as a National High-tech Enterprise and obtained the High-tech Enterprise Certificate with certificate number GR202342009678. In accordance with the Corporate Income Tax Law and relevant regulations, Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司) is entitled to a reduced corporate income tax rate of 15% for the reporting period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

IV. TAXATION (Continued)

2. Tax Concessions and Approvals (Continued)

(1) Corporate income tax concessions (Continued)

③ The Company's subsidiary, Delton Technology (Thailand) Co.,Ltd. (hereinafter referred to as "Thailand Delton"), is incorporated in Thailand and enjoys incentive policies granted by the Board of Investment of Thailand (BOI). Pursuant to the BOI Promotion Certificate No. 67-0228-2-00-1-0, Thailand Delton is exempted from corporate income tax for a period of 10 years from the date on which business income is generated, with the cumulative amount of such tax exemption not exceeding THB 4,002,430,000. For the reporting period, Thailand Delton is exempted from corporate income tax.

(2) Value-added tax preferences

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023 by the Ministry of Finance and the State Taxation Administration) (《財政部稅務總局關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)), advanced manufacturing enterprises are allowed 5% additional reduction of input tax of VAT in the current period from 1 January 2023 to December 31, 2027. During the reporting period, the Company and its subsidiary Delton Precision Circuits (Huangshi) Inc.* (黃石廣合精密電路有限公司) have enjoyed the preferential tax policy of additional deduction for input VAT.

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and Cash Equivalent

Item	June 30, 2026	December 31, 2025
Cash on hand	**177,358.84**	189,816.26
Bank deposits	**2,512,255,423.83**	410,178,126.86
Other cash and cash equivalent	**129,894,253.09**	109,421,415.73
Deposits placed with finance companies	**–**	–
Total	**2,642,327,035.76**	519,789,358.85
Including: total amount of deposit abroad	**14,527,769.37**	32,958,383.91

Note: Among other cash and cash equivalent at the end of the period, RMB127,128,981.41 is the deposit for acceptance bills and guarantee bonds, and RMB2,765,271.68 is the deposit under assisted freezing, both are funds with restricted use.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Financial Assets Held for Trading

Item	June 30, 2026	December 31, 2025
Financial assets at fair value through profit or loss	–	190,468,256.85
Of which: Cost	–	190,000,000.00
Fair value change	–	468,256.85
Total	–	190,468,256.85

Note: There are no financial assets held for trading at the end of the period, which is mainly due to the maturity and redemption of the structured deposits purchased by the Company during the reporting period.

3. Derivative Financial Assets

Item	June 30, 2026	December 31, 2025
Forward foreign exchange contracts	13,202,084.83	3,044,546.68
Total	13,202,084.83	3,044,546.68

Note: All derivative financial assets at the end of the period represent the floating profits generated from the forward foreign exchange contracts purchased by the Company.

4. Bills Receivables

(1) Presented by category

	June 30, 2026			December 31, 2025		
Category	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Bank acceptance bills	22,727,712.83	–	22,727,712.83	30,032,759.70	–	30,032,759.70
Commercial acceptance bills	113,992,291.65	5,699,614.58	108,292,677.07	87,847,497.03	4,392,374.85	83,455,122.18
Total	136,720,004.48	5,699,614.58	131,020,389.90	117,880,256.73	4,392,374.85	113,487,881.88

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Bills Receivables (Continued)

(2) *At the end of the period, there are no pledged bills receivable of the Company*

(3) *Bills receivables that have been endorsed or discounted but have not yet matured at the end of the period*

Item	Amount derecognised	Amount not derecognised
Bank acceptance bills	–	19,755,413.36
Total	–	19,755,413.36

(4) *Method of provision for bad debts by category*

	June 30, 2026				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts made on an individual basis	–	–	–	–	–
Provision for bad debts made on a portfolio basis	136,720,004.48	100.00	5,699,614.58	4.17	131,020,389.90
1. Bank acceptance bills	22,727,712.83	16.62	–	–	22,727,712.83
2. Commercial acceptance bills	113,992,291.65	83.38	5,699,614.58	5.00	108,292,677.07
Total	136,720,004.48	100.00	5,699,614.58	4.17	131,020,389.90

	December 31, 2025				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts made on an individual basis	–	–	–	–	–
Provision for bad debts made on a portfolio basis	117,880,256.73	100.00	4,392,374.85	3.73	113,487,881.88
1. Bank acceptance bills	30,032,759.70	25.48	–	–	30,032,759.70
2. Commercial acceptance bills	87,847,497.03	74.52	4,392,374.85	5.00	83,455,122.18
Total	117,880,256.73	100.00	4,392,374.85	3.73	113,487,881.88

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Bills Receivables (Continued)

(4) Method of provision for bad debts by category (Continued)

Specific description for the provision for bad debts:

① As at June 30, 2026, no provision for bad debts is required to be made for the Company's bank acceptance bills.

② As at June 30, 2026, the provision for bad debts is made for commercial acceptance bills as follow:

Commercial acceptance bills	June 30, 2026 Book balance	June 30, 2026 Provision for bad debts	June 30, 2026 Percentage of provision (%)	December 31, 2025 Book balance	December 31, 2025 Provision for bad debts	December 31, 2025 Percentage of provision (%)
Within 1 year	**113,992,291.65**	**5,699,614.58**	**5.00**	87,847,497.03	4,392,374.85	5.00
Total	**113,992,291.65**	**5,699,614.58**	**5.00**	87,847,497.03	4,392,374.85	5.00

For the recognition criteria and description for provision for bad debts made on a portfolio basis, please refer to Note III.11.

(5) Changes in provision for bad debts

Category	December 31, 2025	Changes for the current period: Accrued	Recovery or reversal	Carry-forward or written off	Other changes	**June 30, 2026**
Bank acceptance bills	–	–	–	–	–	**–**
Commercial acceptance bills	4,392,374.85	1,307,239.73	–	–	–	**5,699,614.58**
Total	4,392,374.85	1,307,239.73	–	–	–	**5,699,614.58**

During the reporting period, the Company has no recovered or reversed provision for bad debts of a material amount.

(6) Bills receivables actually written-off in the current period

During the reporting period, the Company has no bills receivables actually written-off.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade Receivables

(1) By aging

Ageing	June 30, 2026	December 31, 2025
Within 1 year	2,982,868,612.28	2,038,545,330.61
Sub-total	2,982,868,612.28	2,038,545,330.61
Less: Provision for bad debts	149,143,430.63	101,916,071.35
Total	2,833,725,181.65	1,936,629,259.26

Note: Trade receivables at the end of the period increased by 46.32% compared with the beginning of the period, which is mainly due to the expansion of the operating revenue scale in the current period, and the trade receivables increased in tandem with the growth of operating revenue.

(2) Method of provision for bad debts by category

	June 30, 2026				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts made on an individual basis	-	-	-	-	-
Provision for bad debts made on a portfolio basis	2,982,868,612.28	100.00	149,143,430.63	5.00	2,833,725,181.65
Aging portfolio	2,982,868,612.28	100.00	149,143,430.63	5.00	2,833,725,181.65
Total	2,982,868,612.28	100.00	149,143,430.63	5.00	2,833,725,181.65

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade Receivables (Continued)

(2) Method of provision for bad debts by category (Continued)

	December 31, 2025				
	Book balance		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts made on an individual basis	–	–	–	–	–
Provision for bad debts made on a portfolio basis	2,038,545,330.61	100.00	101,916,071.35	5.00	1,936,629,259.26
Aging portfolio	2,038,545,330.61	100.00	101,916,071.35	5.00	1,936,629,259.26
Total	2,038,545,330.61	100.00	101,916,071.35	5.00	1,936,629,259.26

Specific description for the provision for bad debts:

① Trade receivables for which provision for bad debts is made based on the aging portfolio

	June 30, 2026			December 31, 2025		
Aging	**Book balance**	**Provision for bad debts**	**Percentage of provision (%)**	Book balance	Provision for bad debts	Percentage of provision (%)
Within 1 year	**2,982,868,612.28**	**149,143,430.63**	**5.00**	2,038,545,330.61	101,916,071.35	5.00
Total	**2,982,868,612.28**	**149,143,430.63**	**5.00**	2,038,545,330.61	101,916,071.35	5.00

For the recognition criteria and description for provision for bad debts made on a portfolio basis, please refer to Note III.11.

(3) Changes in provision for bad debts

		Changes for the current period					
Category	December 31, 2025	Accrued	Recovery or reversal	Carry-forward or written off	Other changes	Exchange rate changes	**June 30, 2026**
Aging portfolio	101,916,071.35	47,231,158.43	–	–	–	-3,799.15	**149,143,430.63**
Total	101,916,071.35	47,231,158.43	–	–	–	-3,799.15	**149,143,430.63**

During the reporting period, the Company has no trade receivables with a material amount of recovered or reversed provision for bad debts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Trade Receivables (Continued)

(4) Trade receivables written off during the period

During the reporting period, the Company had no trade receivables written off.

(5) Top five trade receivables by debtor at the end of the period

Names	Closing balance of trade receivables	Percentage to total closing balance of trade receivables (%)	Closing balance of provision for bad debts of trade receivables
1st	685,780,771.17	22.99	34,289,038.56
2nd	283,852,099.09	9.52	14,192,604.95
3rd	241,630,066.84	8.10	12,081,503.34
4th	217,086,150.48	7.28	10,854,307.52
5th	206,840,083.43	6.93	10,342,004.17
Total	1,635,189,171.01	54.82	81,759,458.54

6. Receivables Financing

(1) Classification and disclosure

Items	**Fair value as at June 30, 2026**	Fair value as at December 31, 2025
Notes receivable	**543,048.58**	11,865,459.16
Total	**543,048.58**	11,865,459.16

Note: The closing balance of receivables financing decreased by 95.42% compared to the beginning of the period, primarily due to a reduction in the Company's bank acceptance bills with higher credit ratings as at the end of the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Receivables Financing (Continued)

(2) As at the end of the reporting period, the Company had no pledged receivables financing.

(3) Receivables financing that have been endorsed or discounted but not yet matured at the end of the reporting period

Items	Amount derecognised	Amount not derecognised
Bank acceptance bills	69,666,520.52	–
Total	69,666,520.52	–

(4) Disclosure by classification of impairment methodology

	June 30, 2026			
Categories	**Basis for impairment provision**	**Provision ratio (%)**	**Impairment provision**	**Remarks**
Individually assessed impairment provision	**–**	**–**	**–**	
Collectively assessed impairment provision	**543,048.58**	**–**	**–**	
Bank acceptance bills	**543,048.58**	**–**	**–**	
Total	**543,048.58**	**–**	**–**	

	December 31, 2025			
Categories	Basis for impairment provision	Provision ratio (%)	Impairment provision	Remarks
Individually assessed impairment provision	–	–	–	
Collectively assessed impairment provision	11,865,459.16	–	–	
Bank acceptance bills	11,865,459.16	–	–	
Total	11,865,459.16	–	–	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Prepayments

(1) Prepayments by ageing

Ageing	June 30, 2026 Amount	June 30, 2026 Proportion (%)	December 31, 2025 Amount	December 31, 2025 Proportion (%)
Within 1 year	**18,901,797.05**	**97.98**	12,432,116.89	95.91
1 to 2 years	**95,281.45**	**0.48**	529,875.50	4.09
2 to 3 years	**295,000.00**	**1.53**	–	–
Total	**19,292,078.50**	**100.00**	12,961,992.39	100.00

Note: The closing balance of prepayments increased by 48.84% compared to the beginning of the period, primarily due to prepayments for market promotion expenses.

(2) Top five prepayments by counterparty at the end of the period

Names	Balance as at June 30, 2026	Percentage to total closing balance of prepayments (%)
1st	**12,760,421.88**	66.14
2nd	**727,948.75**	3.77
3rd	**628,870.43**	3.26
4th	**621,140.00**	3.22
5th	**613,303.11**	3.18
Total	**15,351,684.17**	79.57

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables

(1) Classification and disclosure

Items	**June 30, 2026**	December 31, 2025
Other receivables	**29,286,517.54**	5,529,533.25
Total	**29,286,517.54**	5,529,533.25

(2) Other receivables

① By ageing

Ageing	**June 30, 2026**	December 31, 2025
Within 1 year	**27,375,644.50**	1,756,158.34
1 to 2 years	**1,671,579.24**	1,950,170.86
2 to 3 years	**1,835,263.29**	512,793.00
3 to 4 years	**188,489.00**	1,011,800.00
4 to 5 years	**754,749.00**	370,199.00
Over 5 years	**714,850.00**	542,804.66
Subtotal	**32,540,575.03**	6,143,925.86
Less: Provision for bad debts	**3,254,057.49**	614,392.61
Total	**29,286,517.54**	5,529,533.25

Note: The closing balance of other receivables increased by 429.64% compared to the beginning of the period, primarily due to deposits and guarantees paid by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(2) Other receivables (Continued)

② By nature

Nature	**June 30, 2026**	December 31, 2025
Deposits and guarantees	**32,293,637.86**	5,710,332.09
Employee loans, petty cash and others	**246,937.17**	433,593.77
Subtotal	**32,540,575.03**	6,143,925.86
Less: Provision for bad debts	**3,254,057.49**	614,392.61
Total	**29,286,517.54**	5,529,533.25

③ By classification of impairment methodology

A. Provision for bad debts as at June 30, 2026 measured under the three-stage model:

Stage	Carrying amount	Provision for bad debts	Carrying value
Stage 1	32,540,575.03	3,254,057.49	29,286,517.54
Stage 2	–	–	–
Stage 3	–	–	–
Total	32,540,575.03	3,254,057.49	29,286,517.54

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(2) Other receivables (Continued)

③ By classification of impairment methodology (Continued)

A. (Continued)

Provision for bad debts in Stage 1 as at June 30, 2026:

Categories	Carrying amount	Provision ratio (%)	Provision for bad debts	Carrying value	Basis
Individually assessed impairment provision for bad debts	–	–	–	–	
Collectively assessed impairment provision for bad debts	32,540,575.03	10.00	3,254,057.49	29,286,517.54	
1. Deposits and guarantees	32,243,637.86	10.00	3,224,363.79	29,019,274.07	Low credit risk
2. Employee loans, petty cash and others	296,937.17	10.00	29,693.71	267,243.46	Low credit risk
Total	32,540,575.03	10.00	3,254,057.49	29,286,517.54	

As at the end of the reporting period, the Company had no other receivables in Stage 2 or Stage 3.

B. Provision for bad debts as at December 31, 2025 measured under the three-stage model:

Stage	Carrying amount	Provision for bad debts	Carrying value
Stage 1	6,143,925.86	614,392.61	5,529,533.25
Stage 2	–	–	–
Stage 3	–	–	–
Total	6,143,925.86	614,392.61	5,529,533.25

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(2) Other receivables (Continued)

③ By classification of method of provision for bad debts (Continued)

B. (Continued)

Provision for bad debts in Stage 1 as at December 31, 2025:

Categories	Book balance	Provision ratio (%)	Provision for bad debts	Carrying value	Basis
Individually assessed provision for bad debts	–	–	–	–	
Collectively assessed provision for bad debts	6,143,925.86	10.00	614,392.61	5,529,533.25	
1. Deposits and guarantees	5,710,332.09	10.00	571,033.23	5,139,298.86	Low credit risk
2. Employee loans, petty cash and others	433,593.77	10.00	43,359.38	390,234.39	Low credit risk
Total	6,143,925.86	10.00	614,392.61	5,529,533.25	

As at December 31, 2025, the Company had no other receivables in Stage 2 or Stage 3.

Basis for the provision for bad debts recognised during the period: For the recognition criteria and explanation of collectively assessed provision for bad debts, refer to Note III.11.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(2) Other receivables (Continued)

④ Movements in provision for bad debts

Provision for bad debts	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as at December 31, 2025	614,392.61	–	–	614,392.61
Balance as at December 31, 2025				
During the period	–	–	–	–
– Transferred to Stage 2	–	–	–	–
– Transferred to Stage 3	–	–	–	–
– Reversed to Stage 2	–	–	–	–
– Reversed to Stage 1	–	–	–	–
Provision recognised during the period	2,647,815.31	–	–	2,647,815.31
Reversal during the period	–	–	–	–
Write-off during the period	–	–	–	–
Amounts written off during the period	–	–	–	–
Exchange rate adjustments	-8,150.43	–	–	-8,150.43
Balance as at June 30, 2026	**3,254,057.49**	**–**	**–**	**3,254,057.49**

There were no significant recoveries or reversals of provision for bad debts relating to other receivables during the period.

⑤ Other receivables written off during the period

The Company had no other receivables written off during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Other Receivables (Continued)

(2) Other receivables (Continued)

⑥ Top five other receivables by debtor at the end of the period

Names	Nature	Balance as at June 30, 2026	Ageing	Percentage to total closing balance of other receivables (%)	Provision for bad debts
Skytech Union Inc	Deposits and guarantees	9,916,861.11	Within 1 year	30.48	991,686.11
Dongguan Universe Circuit Board Equipment Co., Ltd. (東莞宇宙電路板設備有限公司)	Deposits and guarantees	9,502,200.00	Within 1 year	29.20	950,220.00
Dingqin Technology (Shenzhen) Co., Ltd.(鼎勤科技(深圳)有限公司)	Deposits and guarantees	6,139,500.00	Within 1 year	18.87	613,950.00
PROVINCIAL ELECTRICITY AUTHORITY	Deposits and guarantees	2,000,840.20	1–3 years	6.15	200,084.02
Zhishicheng Huananhai (Guangzhou) Business Management Co., Ltd.(知識城華南海(廣州)經營管理有限公司)	Deposits and guarantees	667,610.85	Within 1 year	2.05	66,761.09
Total	–	28,227,012.16	–	86.75	2,822,701.22

⑦ Presented as other receivables due to centralized cash management

As at the end of the reporting period, the Company had no amounts presented as other receivables arising from centralized cash management.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Inventories

(1) Classification of inventories

Item	June 30, 2026 Carrying balance	June 30, 2026 Provision for decline in value of inventories	June 30, 2026 Carrying amount	December 31, 2025 Carrying balance	December 31, 2025 Provision for decline in value of inventories	December 31, 2025 Carrying amount
Raw materials	433,539,850.03	13,172,675.22	420,367,174.81	198,305,382.45	7,734,310.61	190,571,071.84
Work in progress	468,540,145.73	12,587,174.41	455,952,971.32	261,119,482.73	11,370,759.80	249,748,722.93
Finished goods	365,207,100.12	44,739,903.70	320,467,196.42	212,333,350.41	46,326,235.21	166,007,115.20
Goods in transit	198,445,447.48	12,450,682.34	185,994,765.14	175,290,398.90	18,116,340.60	157,174,058.30
Contract fulfilment costs	845,583.10	–	845,583.10	944,699.11	–	944,699.11
Total	1,466,578,126.46	82,950,435.67	1,383,627,690.79	847,993,313.60	83,547,646.22	764,445,667.38

Explanation: The closing inventory balance increased by 81.00% as compared with the opening balance, primarily due to the increase in the Company's operating revenue, which led to an expansion in production scale, an increase in inventory at domestic production plants, and an increase in inventory following the commencement of mass production after the completion of the construction period of the Thailand plant.

(2) Provision for decline in value of inventories or provision for impairment of contract fulfilment costs

Item	December 31, 2025	Increase during the period: Provision	Increase during the period: Others	Decrease during the period: Reversal or write-off	Decrease during the period: Others	Effect of exchange rate changes	June 30, 2026
Raw materials	7,734,310.61	8,940,899.73	–	3,456,568.42	–	-45,966.70	13,172,675.22
Work in progress	11,370,759.80	1,290,825.88	–	–	–	-74,411.27	12,587,174.41
Finished goods	46,326,235.21	33,883,239.54	–	35,186,052.62	–	-283,518.43	44,739,903.70
Goods in transit	18,116,340.60	921,807.88	–	6,441,888.60	–	-145,577.54	12,450,682.34
Total	83,547,646.22	45,036,773.03	–	45,084,509.64	–	-549,473.94	82,950,435.67

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Inventories (Continued)

(2) Provision for decline in value of inventories or provision for impairment of contract fulfilment costs (Continued)

Item	Basis for determining net realisable value/remaining consideration and estimated costs to be incurred	Reasons for reversal or write-off of provision for decline in value/impairment of contract fulfilment costs during the period
Raw materials	Net realisable value is lower than the carrying amount, and the existence of obsolete items	Consumed
Work in progress	Net realisable value is lower than the carrying amount	Consumed
Finished goods	Net realisable value is lower than the carrying amount, and the existence of obsolete items	Sold or disposed of
Goods in transit	Net realisable value is lower than the carrying amount	Sold

(3) Explanation on capitalised borrowing costs included in the closing Inventory balance:

As at June 30, 2026, no borrowing costs were capitalised in the inventory balance.

(4) Explanation on capitalised expenses included in the closing inventory balance:

As at June 30, 2026, no costs were capitalised in the inventory balance.

10. Other Current Assets

Item	**June 30, 2026**	December 31, 2025
VAT input tax credits	**158,467,838.65**	119,629,032.36
Prepaid income tax	**997,253.16**	–
Prepaid listing expenses	**–**	15,972,685.96
Total	**159,465,091.81**	135,601,718.32

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Long-term Equity Investments

Investee	December 31, 2025 (carrying amount)	Changes during the period: Additional investment	Reduction in investment	Investment profit or loss recognised under equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Others	**June 30, 2026 (carrying amount)**	Provision for impairment as at June 30, 2026
Associates											
Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership)	11,803,458.39	9,000,000.00	–	-600,395.72	–	–	–	–	–	**20,203,062.67**	–
Total	11,803,458.39	9,000,000.00	–	-600,395.72	–	–	–	–	–	**20,203,062.67**	–

Explanation: The increase in long-term equity investments as at the end of the period was primarily due to the Company's additional investment of RMB9,000,000 in Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership) during this period, over which the Company has significant influence.

12. Fixed Assets

(1) Classification

Item	**June 30, 2026**	December 31, 2025
Fixed assets	**3,734,634,972.22**	3,028,879,290.66
Fixed assets held for disposal	**1,491,772.99**	436,462.27
Total	**3,736,126,745.21**	3,029,315,752.93

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed Assets (Continued)

(2) Fixed assets

① Movement of fixed assets

Item	Buildings	Machinery and equipment	Tools and implements	Office equipment and others	Total
I. Gross carrying amount:					
1. December 31, 2025	1,502,271,032.86	2,392,036,248.14	49,182,850.82	61,198,469.45	4,004,688,601.27
2. Increase during the period	395,540,251.42	467,962,959.30	9,186,089.07	8,721,147.20	881,410,446.99
(1) Purchases	–	12,242,993.51	2,236,562.28	3,237,795.56	17,717,351.35
(2) Transferred from construction in progress	395,540,251.42	455,719,965.79	6,949,526.79	5,483,351.64	863,693,095.64
3. Decrease during the period	–	13,004,457.75	443,959.15	2,314,019.15	15,762,436.05
(1) Disposal or write-off	–	13,004,457.75	443,959.15	2,314,019.15	15,762,436.05
4. Effect of exchange rate changes	-14,088,397.12	-11,053,166.08	-221,879.61	-542,017.09	-25,905,459.90
5. June 30, 2026	1,883,722,887.16	2,835,941,583.61	57,703,101.13	67,063,580.41	4,844,431,152.31
II. Accumulated depreciation					
1. December 31, 2025	205,646,723.02	707,487,659.04	22,635,367.54	21,896,082.39	957,665,831.99
2. Increase during the period	25,500,235.59	104,876,160.45	2,906,025.18	4,250,289.23	137,532,710.45
(1) Provision	25,500,235.59	104,876,160.45	2,906,025.18	4,250,289.23	137,532,710.45
3. Decrease during the period	–	6,029,698.04	387,420.17	274,652.63	6,691,770.84
(1) Disposal or write-off	–	6,029,698.04	387,420.17	274,652.63	6,691,770.84
4. Effect of exchange rate changes	-474,698.94	-1,040,001.04	-42,454.76	-93,258.81	-1,650,413.55
5. June 30, 2026	230,672,259.67	805,294,120.41	25,111,517.79	25,778,460.18	1,086,856,358.05
III. Provision for impairment					
1. December 31, 2025	–	17,907,835.26	185,453.12	50,190.24	18,143,478.62
2. Increase during the period	–	6,368,190.51	3,150.00	–	6,371,340.51
(1) Provision	–	6,368,190.51	3,150.00	–	6,371,340.51
3. Decrease during the period	–	1,559,870.10	15,126.99	–	1,574,997.09
(1) Disposal or write-off	–	1,559,870.10	15,126.99	–	1,574,997.09
4. Effect of exchange rate changes	–	–	–	–	–
5. June 30, 2026	–	22,716,155.67	173,476.13	50,190.24	22,939,822.04
IV. Net carrying amount					
1. Net carrying amount as at June 30, 2026	1,653,050,627.49	2,007,931,307.53	32,418,107.21	41,234,929.99	3,734,634,972.22
2. Net carrying amount as at December 31, 2025	1,296,624,309.84	1,666,640,753.84	26,362,030.16	39,252,196.82	3,028,879,290.66

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed Assets (Continued)

(2) Fixed assets (Continued)

② Temporarily idle fixed assets as at the end of the reporting period

Item	Gross carrying amount	Accumulated depreciation	Provision for impairment	Net carrying amount	Remarks
Machinery and equipment	102,095,060.61	78,295,371.28	19,107,355.47	4,692,333.86	Due to technological updates, the Company has replaced old equipment with new equipment, resulting in idle old equipment
Total	102,095,060.61	78,295,371.28	19,107,355.47	4,692,333.86	

③ Fixed assets leased out through operating leases

At the end of the reporting period, the Company did not have any fixed assets leased out through operating leases.

④ Fixed assets without completed property ownership certificates

At the end of the reporting period, the Company did not have fixed assets without completed property ownership certificates.

⑤ Mortgage of fixed assets at the end of the reporting period

At the end of the reporting period, please refer to V. 20 short-term borrowings and V. 30 long-term borrowings for details of mortgage of fixed assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Construction in Progress

(1) Classification

Item	June 30, 2026	December 31, 2025
Construction in progress	844,673,127.08	254,595,042.78
Total	844,673,127.08	254,595,042.78

Note: Construction in progress recorded an increase of 231.77% at the end of the reporting period as compared to that at the beginning of the reporting period, primarily due to construction of the Company's Thailand Factory and Guangzhou Yunqing Factory for the period.

(2) Construction in progress

① Situation of construction in progress

	June 30, 2026			December 31, 2025		
Items	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Construction	379,733,672.89	–	379,733,672.89	81,137,882.95	–	81,137,882.95
Equipment	464,939,454.19	–	464,939,454.19	173,457,159.83	–	173,457,159.83
Total	844,673,127.08	–	844,673,127.08	254,595,042.78	–	254,595,042.78

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Construction in Progress (Continued)

(2) Construction in progress (Continued)

② The changes of significant construction in progress

Project name	Budget	December 31, 2025	Increase	Transferred to fixed assets	Other decreases	Change in exchange rate	June 30, 2026	The ratio of input to budget (%)	Project Progress (%)	Accumulated amount of interest capitalization	Including: Capitalized amount of interest for this period	Interest capitalization rate for this period (%)	Capital source
Dongguan smart automated CNC processing plant and electronic manufacturing service project	453,215,694.00	20,312,427.26	64,099,439.54	78,148,206.80	-	-	**6,263,660.00**	99.05	99.05	-	-	-	Self-owned funds
Thailand project	1,637,500,000.00	9,634,566.78	342,839,160.07	142,221,784.36	-	-2,062,057.25	**208,189,885.24**	73.06	73.06	-	-	-	Self-owned funds, fundraising funds
Yunqing smart manufacturing base project	2,558,680,000.00	53,764,008.56	200,524,601.66	-	-	-	**254,288,610.22**	11.97	11.97	-	-	-	Self-owned funds
Equipment to be installed and commissioned of production lines in Guangzhou and Huangshi Factory	567,916,051.23	146,989,195.84	420,926,855.39	261,978,352.38	-	-	**305,937,698.85**	100.00	100.00	-	-	-	Self-owned funds, fundraising funds
Thailand residential area project	100,000,000.00	14,229,327.64	150,764.70	166,715.69	-	-595,043.13	**13,618,333.52**	14.55	14.55	-	-	-	Self-owned funds
Motian Workshop dormitory building project	304,696,708.21	-	304,696,708.21	304,696,708.21	-	-	**-**	100.00	100.00	-	-	-	Self-owned funds
Total	5,622,008,453.44	244,929,526.08	1,333,237,529.57	787,211,767.44	-	-2,657,100.38	**788,298,187.83**	-	-	-	-	-	-

③ Provision for impairment of construction in progress

At the end of the reporting period, there is no impairment indicator for the Company's construction in progress. No impairment provision shall be made.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Right-of-use Assets

(1) Right-of-use assets

Items	Buildings	Total
I. Book balance:		
1. December 31, 2025	3,298,056.63	3,298,056.63
2. Increase	–	–
(1) Leased	–	–
3. Decrease	–	–
(1) Termination/maturity/modification of lease	–	–
4. Effect of changes in exchange rate	-102,243.14	-102,243.14
5. June 30, 2026	3,195,813.49	3,195,813.49
II. Accumulated depreciation		
1. December 31, 2025	384,773.24	384,773.24
2. Increase	329,805.63	329,805.63
(1) Provision	329,805.63	329,805.63
3. Decrease	–	–
(1) Termination/maturity/modification of lease	–	–
4. Effect of changes in exchange rate	-22,152.67	-22,152.67
5. June 30, 2026	692,426.20	692,426.20
III. Provision of impairment		
1. December 31, 2025	–	–
2. Increase	–	–
(1) Provision	–	–
3. Decrease	–	–
(1) Termination/maturity/modification of lease	–	–
4. Effect of changes in exchange rate	–	–
5. June 30, 2026	–	–
IV. Carrying amount		
1. Carrying amount as at June 30, 2026	2,503,387.29	2,503,387.29
2. Carrying amount as at December 31, 2025	2,913,283.39	2,913,283.39

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Right-of-use Assets (Continued)

(2) Impairment testing of right-of-use assets

At the end of the reporting period, there is no impairment indicator for the Company's right-of-use assets.

15. Intangible Assets

(1) Intangible assets

Items	Land use rights	Software	Total
I. Book balance			
1. December 31, 2025	198,804,715.27	69,878,679.36	268,683,394.63
2. Increase	–	11,119,091.85	11,119,091.85
(1) Acquisition	–	11,119,091.85	11,119,091.85
(2) In-house research and development	–	–	–
3. Decrease	–	–	–
(1) Disposal	–	–	–
4. Effect of changes in exchange rate	–	-1,307,527.20	-1,307,527.20
5. June 30, 2026	198,804,715.27	79,690,244.01	278,494,959.28
II. Accumulated amortization			
1. December 31, 2025	14,782,653.42	49,308,320.81	64,090,974.23
2. Increase	1,610,546.65	8,075,726.63	9,686,273.28
(1) Provision	1,610,546.65	8,075,726.63	9,686,273.28
3. Decrease	–	–	–
(1) Disposal	–	–	–
4. Effect of changes in exchange rate	–	-32,980.31	-32,980.31
5. June 30, 2026	16,393,200.07	57,351,067.13	73,744,267.20
III. Provision of impairment			
1. December 31, 2025	–	–	–
2. Increase	–	–	–
(1) Provision	–	–	–
3. Decrease	–	–	–
(1) Disposal	–	–	–
4. Effect of changes in exchange rate	–	–	–
5. June 30, 2026	–	–	–
IV. Carrying amount			
1. Carrying amount as at June 30, 2026	182,411,515.20	22,339,176.88	204,750,692.08
2. Carrying amount as at December 31, 2025	184,022,061.85	20,570,358.55	204,592,420.40

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Intangible Assets (Continued)

(2) Proportion of the Company's intangible assets arising from in-house research and development to the balance of intangible assets at the end of the reporting period

As at June 30, 2026, the Company did not have any intangible assets arising from in-house research and development.

(3) Land use rights without completed property ownership certificates

At the end of the reporting period, the Company did not have any land use rights without completed property ownership certificates.

(4) Impairment testing of intangible assets

At the end of the reporting period, there is no impairment indicator for the Company's intangible assets. No impairment provision shall be made.

(5) Mortgage of intangible assets

At the end of the reporting period, please refer to V.20 short-term borrowings and V.30 long-term borrowings for details of mortgage of intangible assets.

16. Long-term Deferred Expenses

tem	December 31, 2025	Increase for the period	Decrease for the period		**June 30, 2026**
			Amortisation	Other decreases	
Maintenance and improvements	11,626,334.99	17,711,151.31	12,694,832.19	–	**16,642,654.11**
Insurance expenses	1,312,968.76	1,513,876.23	1,859,696.33	–	**967,148.66**
Total	12,939,303.75	19,225,027.54	14,554,528.52	–	**17,609,802.77**

Note: Long-term deferred expenses as at the end of the period increased by 36.10% compared with those at the beginning of the period, mainly attributable to the increase in expenditure on maintenance and improvement works related to the Company's production workshops during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Deferred Income Tax Assets and Deferred Income Tax Liabilities

(1) Deferred income tax assets which are not offset

Item	June 30, 2026 Deductible temporary differences	June 30, 2026 Deferred income tax assets	December 31, 2025 Deductible temporary differences	December 31, 2025 Deferred income tax assets
Provision for asset impairment	**88,371,336.36**	**13,305,642.03**	97,977,069.65	14,790,183.44
Provision for credit impairment	**157,691,435.62**	**25,374,709.61**	106,910,889.85	17,140,787.22
Deferred income	**206,541,989.36**	**32,204,633.67**	208,030,164.26	32,131,534.63
Deductible losses	**85,758,507.31**	**12,863,776.10**	171,183,905.24	25,677,585.82
Gains or losses arising from changes in fair value	**4,795,977.22**	**791,336.24**	3,329,160.00	499,374.00
Unrealised profits and losses of internal transactions	**52,046,125.37**	**7,806,918.80**	50,248,280.47	7,537,242.07
Share-based payments	**1,059,279,430.18**	**158,891,914.53**	140,672,236.38	21,100,835.46
Total	**1,654,484,801.42**	**251,238,930.98**	778,351,705.85	118,877,542.64

(2) Deferred income tax liabilities which are not offset

Item	June 30, 2026 Taxable temporary differences	June 30, 2026 Deferred income tax liabilities	December 31, 2025 Taxable temporary differences	December 31, 2025 Deferred income tax liabilities
One-off deduction for fixed assets	**666,547,160.04**	**99,982,074.01**	558,458,311.00	83,768,746.65
Gains or losses arising from changes in fair value	**13,202,084.83**	**2,171,204.52**	3,512,803.53	572,588.73
Total	**679,749,244.87**	**102,153,278.53**	561,971,114.53	84,341,335.38

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17. Deferred Income Tax Assets and Deferred Income Tax Liabilities (Continued)

(3) Deferred income tax assets or liabilities presented on a net basis after offsetting

Item	**Amount of offsetting between deferred income tax assets and liabilities as at June 30, 2026**	**The balance of deferred income tax assets or liabilities after offsetting as at June 30, 2026**	Amount of offsetting between deferred income tax assets and liabilities as at December 31, 2025	The balance of deferred income tax assets or liabilities after offsetting as at December 31, 2025
Deferred income tax assets	**102,153,278.53**	**149,085,652.45**	63,932,198.87	54,945,343.77
Deferred income tax liabilities	**102,153,278.53**	**–**	63,932,198.87	20,409,136.51

(4) Breakdown of unrecognised deferred income tax assets

Item	**June 30, 2026**	December 31, 2025
Deductible temporary differences	**14,198,954.71**	–
Deductible losses	**6,158,427.49**	3,331,625.05
Total	**20,357,382.20**	3,331,625.05

(5) Deductible losses that are not recognised as deferred income tax assets will expire in the following years

Year	Amount	Remarks
2045	3,228,341.26	
2046	2,930,086.23	
Total	6,158,427.49	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Other Non-Current Assets

Item	June 30, 2026			December 31, 2025		
	Book balance	**Provision for impairment**	**Carrying amount**	Book balance	Provision for impairment	Carrying amount
Prepaid investment costs	**85,208,750.00**	**–**	**85,208,750.00**	–	–	–
Prepayments for equipment and projects	**641,662,564.43**	**–**	**641,662,564.43**	176,753,771.56	–	176,753,771.56
Prepayments for property purchases	**–**	**–**	**–**	100,391,189.93	–	100,391,189.93
Total	**726,871,314.43**	**–**	**726,871,314.43**	277,144,961.49	–	277,144,961.49

Note: Other non-current assets as at the end of the period increased by 162.27% compared with those at the beginning of the period, mainly attributable to prepaid investment costs and prepayments for equipment and projects. The increase in prepayments for equipment was primarily due to the fact that the Yunqing Intelligent Manufacturing Base Project of the Company is under construction with a substantial investment scale, resulting in a significant balance of payments made for equipment not yet delivered.

19. Assets with Restricted Ownerships or Right to Use

As of June 30, 2026, details of assets with restricted ownerships or right to use of the Company are as follow:

Item	Book balance	Carrying amount	Restricted type	Reasons for restriction
Monetary funds	129,894,253.09	129,894,253.09	Restricted use	Primarily deposits pledged for bank acceptance bills
Bills receivable	19,755,413.36	19,755,413.36	Restricted use	Acceptance bills endorsed or discounted but not yet matured
Fixed assets	526,403,697.72	459,012,003.19	Pledged	Pledged for bank credit facilities
Intangible assets	29,514,669.32	26,657,644.84	Pledged	Pledged for bank credit facilities
Total	705,568,033.49	635,319,314.48	–	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Short-Term Borrowings

(1) Categories of short-term borrowings

Item	June 30, 2026	December 31, 2025
Credit borrowings	252,370,861.47	267,962,066.81
Total	252,370,861.47	267,962,066.81

(2) Status of overdue and outstanding short-term borrowings

As at the end of the reporting period, the Company had no overdue and outstanding short-term borrowings.

21. Derivative Financial Liabilities

Item	June 30, 2026	December 31, 2025
Forward foreign exchange contracts	4,795,977.22	–
Total	4,795,977.22	–

Note: The increase in derivative financial liabilities as at the end of the period was mainly attributable to the increase in unrealised losses arising from the Company's forward foreign exchange contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Bills Payable

Type	June 30, 2026	December 31, 2025
Bank acceptance bills	1,077,097,242.59	662,486,600.94
Total	1,077,097,242.59	662,486,600.94

Note 1: Bills payable as at the end of the period increased by 62.58% compared with those at the beginning of the period, mainly attributable to the growth in sales volume during the current period and corresponding growth in procurement amounts, which led to a higher balance of unmatured bills payable at the end of the period.

Note 2: There were no overdue unpaid bills payable as at the end of the period.

23. Accounts Payable

(1) By nature

Item	June 30, 2026	December 31, 2025
Purchase of raw materials	1,704,664,421.54	1,097,167,240.94
Procurement of equipment and projects	703,469,715.39	513,643,919.41
Processing fees	103,049,476.37	50,838,677.87
Electricity charges	22,035,016.49	16,311,564.70
Others	51,983,316.52	39,538,776.12
Total	2,585,201,946.31	1,717,500,179.04

Note: Accounts payable as at the end of the period increased by 50.52% compared with those at the beginning of the period, mainly attributable to the growth in sales volume during the current period and corresponding growth in procurement amounts, which led to a higher balance of unmatured accounts payable at the end of the period.

(2) Significant accounts payable aged over 1 year at the end of the period

As at the end of the reporting period, the Company had no significant accounts payable aged over 1 year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. Contract Liabilities

(1) Contract liabilities

Item	June 30, 2026	December 31, 2025
Advanced receipts for goods	**15,461,342.71**	6,052,856.81
Total	**15,461,342.71**	6,052,856.81

(2) Significant contract liabilities with ageing over one year

As at the end of the reporting period, the Company had no significant accounts payable with ageing over one year.

25. Employee Compensation Payable

(1) Employee compensation payable

Item	December 31, 2025	Increase in the current period	Decrease in the current period	Effect of exchange rate changes	June 30, 2026
I. Short-term compensation	123,432,860.23	435,769,449.74	443,013,112.05	-57,730.25	**116,131,467.67**
II. Post-employment benefits – defined contribution plans	76,210.40	29,419,096.66	29,411,992.10	-2,437.64	**80,877.32**
III Termination benefits	–	192,908.12	192,908.12	–	**–**
Total	123,509,070.63	465,381,454.52	472,618,012.27	-60,167.89	**116,212,344.99**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Employee Compensation Payable (Continued)

(2) Short-term compensation

Item	December 31, 2025	Increase in the current period	Decrease in the current period	Effect of exchange rate changes	**June 30, 2026**
I. Wages, bonuses, allowances and subsidies	122,324,236.90	400,885,830.64	409,621,942.28	-57,607.76	**113,530,517.50**
II. Employee welfare expenses	94,202.61	7,261,460.27	6,828,494.39	–	**527,168.49**
III. Social insurance premiums	2,706.65	14,266,998.37	14,261,196.81	-122.49	**8,385.72**
Of which: medical insurance premiums	1,974.67	13,359,332.88	13,353,531.32	-122.49	**7,653.74**
Work injury insurance	731.98	881,291.93	881,291.93	–	**731.98**
Maternity insurance	–	26,373.56	26,373.56	–	**–**
IV. Housing provident fund	168,525.52	6,263,114.25	6,362,762.21	–	**68,877.56**
V. Trade union funds and employee education funds	843,188.55	7,092,046.21	5,938,716.36	–	**1,996,518.40**
VI. Short-term compensated absences	–	–	–	–	**–**
VII. Short-term profit sharing plans	–	–	–	–	**–**
Total	123,432,860.23	435,769,449.74	443,013,112.05	-57,730.25	**116,131,467.67**

(3) Defined contribution plans

Item	December 31, 2025	Increase in the current period	Decrease in the current period	Effect of exchange rate changes	**June 30, 2026**
Post-employment benefits:					
1. Basic pension insurance	76,210.40	28,459,519.37	28,452,414.81	-2,437.64	**80,877.32**
2. Unemployment insurance	–	959,577.29	959,577.29	–	**–**
Total	76,210.40	29,419,096.66	29,411,992.10	-2,437.64	**80,877.32**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Taxes Payable

Item	June 30, 2026	December 31, 2025
Corporate income tax	**63,914,636.58**	41,690,943.28
Property tax	**4,915,748.95**	1,324,594.69
Personal income tax	**2,070,585.17**	2,248,401.53
Stamp duty	**926,123.89**	848,222.64
Land use tax	**640,924.95**	132,177.21
Environmental protection tax	**60,753.16**	28,591.39
Urban maintenance and construction tax	**881,064.37**	–
Education surcharge	**377,599.02**	–
Local education surcharge	**251,732.68**	–
Total	**74,039,168.77**	46,272,930.74

27. Other Payables

(1) Classification

Item	June 30, 2026	December 31, 2025
Other payables	**68,430,481.64**	64,203,285.46
Total	**68,430,481.64**	64,203,285.46

(2) Other payables

① Other payables by nature

Item	June 30, 2026	December 31, 2025
Restricted share repurchase obligations	**39,901,355.00**	42,579,415.00
Deposits and guarantees	**980,000.00**	1,763,810.33
Accrued expenses	**27,549,126.64**	19,860,060.13
Total	**68,430,481.64**	64,203,285.46

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. Other Payables (Continued)

(2) Other payables (Continued)

② Significant other payables with ageing over one year

As at the end of the reporting period, the Company had no significant other payables with ageing over one year.

28. Non-Current Liabilities Due Within One Year

Item	June 30, 2026	December 31, 2025
Long-term borrowing due within one year	**167,018,244.79**	94,551,229.54
Long-term payables due within one year	**15,490.45**	15,138.52
Lease liabilities due within one year	**618,589.10**	627,492.82
Total	**167,652,324.34**	95,193,860.88

29. Other Current Liabilities

Item	June 30, 2026	December 31, 2025
Trade payables settled by endorsed bank acceptance bills not derecognised	**19,755,413.36**	29,536,294.72
Deferred output tax	**508,956.64**	263,522.44
Total	**20,264,370.00**	29,799,817.16

Explanation: The decrease of 32.00% in other current liabilities as at the end of the reporting period as compared with the beginning of the period was primarily attributable to the decrease in the amount of trade payables settled by endorsed bank acceptance bills not derecognised during the current period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30. Long-Term Borrowings

Item	**June 30, 2026**	December 31, 2025	Interest rate range for January-June 2026
Guaranteed borrowings	**87,217,155.53**	103,881,232.84	3.50%
Secured and guaranteed borrowings	**116,146,861.14**	228,827,895.42	2.75%-3.45%
Credit borrowings	**356,958,809.58**	79,842,794.60	2.11%-2.40%
Subtotal	**560,322,826.25**	412,551,922.86	
Less: Long-term borrowings due within one year	**167,018,244.79**	94,551,229.54	
Total	**393,304,581.46**	318,000,693.32	

31. Lease Liabilities

Item	**June 30, 2026**	December 31, 2025
Lease payments	**2,720,954.55**	3,166,474.40
Less: financing expenses not recognised	**171,695.63**	224,609.38
Subtotal	**2,549,258.92**	2,941,865.02
Less: lease liabilities due within one year	**618,589.10**	627,492.82
Total	**1,930,669.82**	2,314,372.20

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32. Long-Term Payables

(1) Classification

Item	June 30, 2026	December 31, 2025
Long-term payables	2,203,148.86	2,268,346.68
Subtotal	2,203,148.86	2,268,346.68
Less: long-term payables due within one year	15,490.45	15,138.52
Total	2,187,658.41	2,253,208.16

(2) Long-term payables by nature

Item	June 30, 2026	December 31, 2025
Land purchase consideration	5,148,152.38	5,263,409.52
Less: financing expenses not recognised	2,945,003.52	2,995,062.84
Subtotal	2,203,148.86	2,268,346.68
Less: long-term payables due within one year	15,490.45	15,138.52
Total	2,187,658.41	2,253,208.16

33. Deferred Income

Item	December 31, 2025	Increase in the current period	Decrease in the current period	June 30, 2026	Reason
Government grants	208,030,164.26	8,589,900.00	10,078,074.90	206,541,989.36	Government grants received
Total	208,030,164.26	8,589,900.00	10,078,074.90	206,541,989.36	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

34. Share Capital

Item	December 31, 2025	Changes during the current period (+/–) Issue of new shares	Bonus issue	Capitalisation of reserves	Others	Subtotal	**June 30, 2026**
Total number of shares	425,664,252.00	46,904,512.00	–	–	–	46,904,512.00	**472,568,764.00**

Following the filing with the China Securities Regulatory Commission and the approval of the Hong Kong Stock Exchange, the Company's H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on March 20, 2026. Upon completion of the above listing and issuance, the Company's share capital increased by 46,000,000 shares. During the reporting period, employees who were initially granted share options exercised a cumulative total of 904,512 shares, resulting in an increase in the Company's registered share capital of RMB904,512.00.

35. Capital Reserve

Items	December 31, 2025	Increase for the period	Decrease for the period	**June 30, 2026**
Capital premium	1,286,008,883.54	2,785,401,657.15	–	**4,071,410,540.69**
Other capital reserve	123,723,329.84	173,379,715.88	–	**297,103,045.72**
Total	1,409,732,213.38	2,958,781,373.03	–	**4,368,513,586.41**

Pursuant to the filing with the China Securities Regulatory Commission and the approval of the Hong Kong Stock Exchange, the Company's H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange on March 20, 2026. Upon the completion of the said listing and issuance, the related capital reserve increased by RMB2,785,401,675.15.

During the period, share-based payments in respect of employee equity incentives were recognised, resulting in an increase in related capital reserve of RMB173,379,715.88.

36. Treasury Shares

Items	December 31, 2025	Increase for the period	Decrease for the period	**June 30, 2026**
Treasury shares	42,579,415.00	–	2,678,060.00	**39,901,355.00**
Total	42,579,415.00	–	2,678,060.00	**39,901,355.00**

During the period, the Company had restricted shares that had been unlocked for equity incentive participants, and repurchased restricted shares from certain equity incentive participants. At the same time, the Company reversed RMB 2,678,060.00 from treasury shares in respect of the recognized obligation to repurchase restricted shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

37. Other Comprehensive Income

Items	December 31, 2025	Amount incurred for the period: Amount before income tax during the period	Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Transfer to retained profits during the period that previously included in other comprehensive income	Less: Income tax expenses	Attributable to the parent after tax	Attributable to minority shareholder after tax	June 30, 2026
II. Other comprehensive income that will be reclassified to gains or losses								
Exchange differences on translation of foreign financial statements	-1,483,418.24	-13,215,246.21	–	–	–	-13,215,246.21	–	**-14,698,664.45**
Total other comprehensive income	-1,483,418.24	-13,215,246.21	–	–	–	-13,215,246.21	–	**-14,698,664.45**

38. Surplus Reserve

Items	December 31, 2025	Increase for the period	Decrease for the period	June 30, 2026
Statutory surplus reserve	212,832,126.00	–	–	**212,832,126.00**
Total	212,832,126.00	–	–	**212,832,126.00**

39. Undistributed Profit

Items	January–June 2026	January–June 2025
Undistributed profit at the end of the previous period before adjustment	**1,973,919,239.86**	1,211,383,065.56
Adjustments on undistributed profit at the beginning of the period (Increase represented by "+", decrease represented by "–")	**–**	–
Undistributed profit at the end of the period after adjustment	**1,973,919,239.86**	1,211,383,065.56
Add: Net profit for the period attributable to the owners of the parent	**955,588,247.43**	491,583,351.57
Less: Appropriation to statutory surplus reserve	**–**	–
Appropriation to discretionary surplus reserve	**–**	–
Appropriation to general risk reserve	**–**	–
Ordinary share dividends payable	**–**	203,986,991.04
Transferred from dividend on ordinary shares to share capital	**–**	–
Undistributed profit at the end of the period	**2,929,507,487.29**	1,498,979,426.09

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

40. Operating Revenue and Operating Costs

Items	January–June 2026		January–June 2025	
	Revenue	Costs	Revenue	Costs
Principal operations	4,086,939,286.33	2,641,647,649.08	2,265,210,083.30	1,534,162,027.62
Other operations	301,320,948.41	23,216,211.11	159,543,347.59	7,632,159.11
Total	4,388,260,234.74	2,664,863,860.19	2,424,753,430.89	1,541,794,186.73

Note: The Group's operating revenue for the period increased by 80.98% as compared with the corresponding period of the prior year, primarily driven by the continued upward trend in AI computing power demand during the first half of 2026, which fuelled the growth in revenue scale. The operating costs for the period increased by 72.84% as compared with the prior period, which was mainly attributable to the corresponding increase in operating costs in line with the growth in the Company's operating revenue.

41. Taxes and Surcharges

Items	January–June 2026	January–June 2025
City maintenance and construction tax	3,433,690.22	4,528,449.76
Educational surcharge	2,905,883.66	1,940,764.19
Local education surcharge	1,418,954.39	1,293,842.78
Property tax	6,383,995.50	5,114,761.50
Land use tax	1,096,274.38	409,375.80
Stamp duty	3,542,940.21	1,278,968.94
Environmental protection tax	117,165.68	38,803.66
Others	348.00	348.00
Total	18,899,252.04	14,605,314.63

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Selling Expenses

Items	January–June 2026	January–June 2025
Commission	**55,008,863.49**	29,870,673.38
Payroll	**31,037,551.46**	19,774,973.97
Business entertainment expenses	**5,998,763.97**	4,177,609.00
Insurance expenses	**2,280,109.76**	969,163.57
Travelling expenses	**1,881,384.09**	1,336,795.91
Share-based payments	**1,857,991.15**	–
Transportation and miscellaneous expenses	**480,696.82**	444,566.68
Customs clearance expenses	**475,202.70**	443,108.94
Others	**2,140,487.00**	2,372,200.98
Total	**101,161,050.44**	59,389,092.43

Note: The Group's selling expenses for the period increased by 70.34% as compared with the corresponding period of the prior year, primarily due to the corresponding increase in selling expenses in line with the growth in the Company's operating revenue.

43. Administrative Expenses

Items	January–June 2026	January–June 2025
Payroll	**59,461,883.71**	39,512,621.74
Professional services expenses	**12,801,417.03**	5,533,006.60
Depreciation, amortization and rental expenses	**10,163,154.60**	9,017,576.35
Share-based payments	**8,634,749.08**	31,937,949.55
Office expenses	**3,406,514.07**	3,217,495.57
Business entertainment expenses	**1,858,992.51**	1,197,285.07
Water and electricity expenses	**662,476.16**	529,865.38
Travelling expenses	**606,031.19**	1,812,790.91
Others	**7,335,598.06**	7,115,449.15
Total	**104,930,816.41**	99,874,040.32

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

44. Research and Development Expenses

Items	January–June 2026	January–June 2025
Material and power expenses	**122,975,900.87**	58,393,854.90
Payroll	**78,750,168.61**	47,477,455.95
Depreciation expenses	**11,860,630.68**	7,297,300.39
Share-based payments	**10,685,623.71**	–
Inspection and service expenses	**5,040,282.69**	3,266,533.68
Others	**792,477.34**	584,750.71
Total	**230,105,083.90**	117,019,895.63

Note: The Group's research and development expenses for the period increased by 96.64% as compared with the corresponding period of the prior year, due to the increase in the number of R&D projects during the first half of 2026, which led to a corresponding rise in R&D investment.

45. Finance Expenses

Items	January–June 2026	January–June 2025
Interest expenses	**9,157,276.69**	8,603,893.08
Including: Interest expenses on lease liabilities	**57,274.44**	13,831.20
Less: Interest income	**12,246,343.44**	10,724,373.09
Net interest expense	**–3,089,066.75**	–2,120,480.01
Net foreign exchange loss	**119,284,421.64**	–4,474,484.35
Bank fees and other expenses	**2,484,254.80**	1,027,764.21
Total	**118,679,609.69**	–5,567,200.15

Note: The Group's finance expenses for the period increased by RMB124.2468 million as compared with the corresponding period of the prior year, primarily due to a significant increase in net foreign exchange loss arising from the Company's USD-denominated assets as a result of the depreciation of the US dollar against the Renminbi.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Other Income

Items	January–June 2026	January–June 2025
I. Government grants included in other income	**11,360,716.28**	15,251,054.75
Including: Government grants related to deferred income	**10,078,074.90**	9,088,782.33
Government grants directly included in profit or loss for the period	**1,282,641.38**	6,162,272.42
II. Other items related to ordinary activities and included in other income	**518,773.91**	1,326,687.40
Including: Individual income tax withholding handling fee	**518,773.91**	372,327.31
Additional deduction for input tax	**–**	954,360
Total	**11,879,490.19**	16,577,742.15

47. Investment income

Items	January–June 2026	January–June 2025
Investment income received during the holding period of financial assets held for trading	**881,020.21**	2,283,579.05
Including: Forward foreign exchange purchase and sale contracts	**–**	–
Income from long-term equity investments accounted for using the equity method	**–600,395.72**	–
Total	**280,624.49**	2,283,579.05

Note: Investment income for the current period decreased by 87.71% as compared with the corresponding period of the previous year, mainly due to the decrease in the Company's income from structured deposits and the decrease in income from long-term equity investments during the current period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Gain on fair value changes

Source of gain on fair value changes	**January–June 2026**	January–June 2025
Gains on fair value changes of derivative financial instruments	**17,290,352.08**	4,903,787.61
Including: Forward foreign exchange purchase and sale contracts	**17,290,352.08**	4,464,869.88
Including: Structured deposits	**–**	438,917.73
Total	**17,290,352.08**	4,903,787.61

Note: The fair value gains for the current period increased by 252.59% as compared with the corresponding period of the previous year, mainly due to the increase in gains from the Company's forward foreign exchange contracts during the current period.

49. Credit Impairment Losses

Items	**January–June 2026**	January–June 2025
Bad debt losses on bills receivable	**-1,307,239.73**	-1,963,177.31
Bad debt losses on trade receivable	**-47,231,158.43**	-18,436,100.20
Bad debt losses on other receivables	**-2,647,815.31**	432,632.05
Total	**-51,186,213.47**	-19,966,645.46

Note: The credit impairment losses for the current period increased by 156.36% as compared with the corresponding period of the previous year, mainly due to the increase in the closing balance of trade receivables, resulting in a corresponding increase in the credit impairment losses provided by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

50. Impairment Losses on Assets

Items	**January–June 2026**	January–June 2025
Impairment losses of inventories	**-45,036,773.03**	-36,789,813.51
Impairment losses on fixed assets	**-6,371,340.51**	-153,823.01
Total	**-51,408,113.54**	-36,943,636.52

51. Gains on Disposal of Assets

Items	**January–June 2026**	January–June 2025
Gains or losses on disposal of fixed assets, construction in progress, productive biological assets and intangible assets not classified as held for sale	**430,794.78**	158,797.06
Including: Fixed assets	**430,794.78**	158,797.06
Total	**430,794.78**	158,797.06

Note: The gains on disposal of assets for the current period increased by 171.29% as compared with the corresponding period of the previous year, mainly due to the increase in assets disposed of by the Company during the current period, resulting in a corresponding increase in disposal losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

52. Non-operating Income

Items	**January–June 2026**	January–June 2025	Amount recognised in the current period as non-recurring profit or loss
Penalties for breach of contract and quality deductions	**63,000.00**	–	63,000.00
Others	**130,063.61**	143,739.94	130,057.90
Total	**193,063.61**	143,739.94	193,063.61

53. Non-operating Expenses

Items	**January–June 2026**	January–June 2025	Amount recognised in the current period as non-recurring profit or loss
External donation expenses	**–**	1,005,000.00	–
Losses on damage and disposal of non-current assets	**35,126.47**	37,258.90	35,126.47
Others	**264,316.65**	100,481.24	264,316.65
Total	**299,443.12**	1,142,740.14	299,443.12

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

54. Income Tax Expenses

Items	**January–June 2026**	January–June 2025
Current income tax expenses	**93,722,188.74**	65,617,633.98
Deferred income tax expenses	**27,490,680.92**	6,451,739.44
Total	**121,212,869.66**	72,069,373.42

55. Other Comprehensive Income

For the details of each item of other comprehensive income and its income tax effects and the circumstances under which it is transferred to profit or loss, as well as the reconciliation of each item of other comprehensive income, please refer to 37 Other Comprehensive Income in Note V.

56. Notes to Items in the Statement of Cash Flows

(1) Cash related to operating activities

① Cash received from other operating activities

Items	**January–June 2026**	January–June 2025
Government grants and refunds of individual income tax handling fees	**10,391,315.29**	7,488,959.82
Interest income	**12,246,343.44**	10,724,373.09
Amounts due from/to related parties	**–**	3,613,996.13
Others	**193,063.61**	143,739.94
Total	**22,830,722.34**	21,971,068.98

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Notes to Items in the Statement of Cash Flows (Continued)

(1) Cash related to operating activities (Continued)

② Cash paid for other operating activities

Items	**January–June 2026**	January–June 2025
Period expenses	**106,652,349.62**	69,327,358.83
Amounts due from/to related parties	**26,396,649.17**	–
Handling fees paid, etc.	**2,484,254.80**	4,101,606.30
Others	**3,029,588.33**	–
Total	**138,562,841.92**	73,428,965.13

(2) Cash related to investing activities

① Cash received from recovery of investments

Items	**January–June 2026**	January–June 2025
Redemption of matured structured deposits	**460,000,000.00**	733,800,000.00
Total	**460,000,000.00**	733,800,000.00

② Cash paid for investments

Items	**January–June 2026**	January–June 2025
Purchase of structured deposits	**270,000,000.00**	633,800,000.00
External investments	**9,000,000.00**	–
Total	**279,000,000.00**	633,800,000.00

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

56. Notes to Items in the Statement of Cash Flows (Continued)

(2) Cash related to investing activities (Continued)

③ Cash paid for other investing activities

Items	January–June 2026	January–June 2025
Payment of investment funds	**85,208,750.00**	–
Losses on investment in derivative financial products	**2,722,852.00**	4,019,900.00
Total	**87,931,602.00**	4,019,900.00

(3) Cash related to financing activities

① Cash paid for other financing activities

Items	January–June 2026	January–June 2025
Cash paid for acquisition and construction of long-term assets by instalment payments	**65,197.82**	–
Payment of listing expenses	**–**	6,724,948.57
Payment of principal and interest of lease liabilities	**392,606.10**	498,551.30
Payment for cancelled equity incentive schemes	**–**	536,100.00
Total	**457,803.92**	7,759,599.87

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information to the Statement of Cash Flows

(1) Supplementary information to the statement of cash flows

Supplementary Information	**January–June 2026**	January–June 2025
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	**955,588,247.43**	491,583,351.57
Add: Provisions for asset and credit impairment	**102,594,327.01**	20,120,468.47
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets and depreciation of productive biological assets	**137,532,710.45**	87,817,229.63
Depreciation of right-of-use assets	**329,805.63**	448,516.81
Amortisation of intangible assets	**9,686,273.28**	8,111,797.61
Amortisation of long-term deferred expenses	**14,554,528.52**	1,481,415.09
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains indicated by "–")	**-430,794.78**	-158,797.06
Losses on retirement of fixed assets (gains indicated by "–")	**35,126.47**	37,258.90
Losses on changes in fair value (gains indicated by "–")	**-17,290,352.08**	-4,903,787.61
Finance costs (income indicated by "–")	**51,774,132.30**	-4,704,879.81
Investment losses (gains indicated by "–")	**-280,624.49**	-2,283,579.05
Decrease in deferred tax assets (increase indicated by "–")	**48,139,021.97**	43,806,874.67
Increase in deferred tax liabilities (decrease indicated by "–")	**-20,409,136.51**	-37,355,135.23
Decrease in inventories (increase indicated by "–")	**-663,669,322.50**	-76,448,768.67
Decrease in operating receivables (increase indicated by "–")	**-1,024,403,413.56**	-315,150,225.58
Increase in operating payables (decrease indicated by "–")	**1,312,041,364.69**	192,434,606.44
Others	**31,100,522.23**	48,266,263.95
Net cash flows generated from operating activities	**936,892,416.06**	453,102,610.13
2. Significant investing and financing activities not involving cash receipts and payments:		
Debt converted into capital	**–**	–
Convertible corporate bonds due within one year	**–**	–
Newly added right-of-use assets	**–**	–
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**2,512,432,782.67**	577,612,343.30
Less: Opening balance of cash	**410,367,943.12**	635,071,092.03
Add: Closing balance of cash equivalents	**–**	–
Less: Opening balance of cash equivalents	**–**	–
Net increase in cash and cash equivalents	**2,102,064,839.55**	-57,458,748.73

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

57. Supplementary Information to the Statement of Cash Flows (Continued)

(2) The composition of cash and cash equivalents

Item	June 30, 2026	December 31, 2025
I. Cash	**2,512,432,782.67**	410,367,943.12
Of which: Cash on hand	**177,358.84**	189,816.26
Bank deposit available for payment at any time	**2,512,255,423.83**	410,178,126.86
Other monetary funds available for payment at any time	**–**	
Central bank deposits that can be used for payment		
Deposits in other banks		
Call loans to banks		
II. Cash equivalents	**–**	–
Of which: Bond investment due in three months	**–**	–
III. Cash and cash equivalents at the end of the period	**2,512,432,782.67**	410,367,943.12
Of which: Restricted cash and cash equivalents used by the parent or subsidiaries within the group	**93,049,500.28**	32,203,902.19

Note: The closing balance of restricted cash and cash equivalents used by the parent or subsidiaries within the Group represents the funds in the dedicated special-purpose fund accounts; these funds are readily available for payment and therefore meet the definition of cash and cash equivalents.

(3) Monetary funds not classified as cash and cash equivalents

Item	June 30, 2026	December 31, 2025	Reason
Other monetary funds	**129,894,253.09**	109,421,415.73	Bank acceptance bill deposits with restricted use and frozen deposits
Total	**129,894,253.09**	109,421,415.73	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

58. Monetary Item in Foreign Currency

(1) Monetary item in foreign currency:

Item	Foreign currency balance as at June 30, 2026	Exchange rate	Balance of RMB converted as at June 30, 2026
Cash			
Of which: USD	86,362,384.71	6.8109	588,205,566.02
EUR	18,636.43	7.7671	144,751.02
HKD	525,594,521.84	0.8686	456,478,842.22
THB	27,057,368.58	0.2042	5,525,114.66
Trade receivables			
Of which: USD	332,479,384.49	6.8109	2,264,483,839.82
THB	16,053,163.58	0.2042	3,278,056.00
Other receivables			
Of which: USD	1,473,028.00	6.8109	10,032,646.41
THB	11,266,999.05	0.2042	2,300,721.21
Trade payables			
Of which: USD	26,254,508.26	6.8109	178,816,830.31
EUR	290,000.00	7.7671	2,252,459.00
HKD	34,677.42	0.8686	30,120.81
THB	210,857,686.71	0.2042	43,057,139.63
Other payables			
Of which: USD	119,743.49	6.8109	815,560.94
Non-current liabilities due within one year			
Of which: USD	7,901,836.80	6.8109	53,818,620.26
Long-term borrowings			
Of which: USD	4,903,688.98	6.8109	33,398,535.27

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

V. EXPLANATION OF ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

59. Leases

(1) The Company as a lessee

Profit or loss and cash flows related to the lease for the period

Item	Amount for the six months ended June 30, 2026
Expenses on short-term leases included in profit or loss accounted for under the simplified approach for the current period	**4,326,080.72**
Expenses on leases of low-value assets included in profit or loss accounted for under the simplified approach for the current period (other than short-term leases)	**29,800.00**
Interest expense on lease liabilities	**45,950.62**
Variable lease payments not included in the measurement of lease liabilities recognised in profit or loss	**–**
Total cash outflows relating to leases	**4,286,988.94**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

VI. R&D COSTS

1. By Nature of Cost

Item	**Six months ended June 30, 2026**	Six months ended June 30, 2025
Employee Remuneration	**78,750,168.61**	47,477,455.95
Materials and power expenses	**122,975,900.87**	58,393,854.90
Depreciation	**11,860,630.68**	7,297,300.39
Testing and service fees	**5,040,282.69**	3,266,533.68
Share-based payment	**10,685,623.71**	–
Others	**792,477.34**	584,750.71
Total	**230,105,083.90**	117,019,895.63
Of which: R&D costs as expense	**230,105,083.90**	117,019,895.63
R&D costs as capital	**–**	–

VII. CHANGES IN SCOPE OF CONSOLIDATION

During the reporting period, there were no changes in the scope of consolidation of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

VIII. INTERESTS IN OTHER ENTITIES

1. Interests in Subsidiaries

(1) Composition of the Group

Name of subsidiary	Registered capital	Principal place of operation	Place of registration	Nature of business	Shareholding percentage (%) Direct	Indirect	Form of acquisition
Delton Precision Circuits (Huangshi) Inc.*	RMB876.00 million	Huangshi, Hubei	Huangshi, Hubei	R&D, production and sales of circuit boards	100.00	–	Establishment
DELTON TECHNOLOGY INTERNATIONAL LIMITED	USD122.00 million	Hong Kong	Hong Kong	Sales of circuit boards	100.00	–	Establishment
Delton Numerical Control Technology (Dongguan) Co., Ltd.	RMB100.00 million	Dongguan, Guangdong	Dongguan, Guangdong	Drilling processing services, providing machining support to the Company	100.00	–	Establishment
Delton Investment Holdings Limited	USD 10,000	British Virgin Islands	British Virgin Islands	Equity investment	–	100.00	Establishment
Delton Technology (Thailand) Co.,Ltd	THB4,163.359 million	Thailand	Thailand	Production and sales of circuit boards	–	100.00	Establishment
Delton Technology Inc	USD 3.00 million	United States	United States	Sales of circuit boards	–	100.00	Establishment

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

VIII. INTERESTS IN OTHER ENTITIES (continued)

2. Interests in Joint Arrangements or Associates

Aggregated financial information of associates:

Item	June 30, 2026/ January to June 2026	December 31, 2025/ Year ended 2025
Associates:		
Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership)	**20,203,062.67**	11,803,458.39
Total of investment book value	**20,203,062.67**	11,803,458.39
Total amount calculated by the following proportion of shareholding		
– Net profit	**–600,395.72**	–196,541.61
– Other comprehensive income	**–**	–
– Total comprehensive income	**–796,937.33**	–196,541.61

3. Equity of Structuring Subject out of the Range of the Consolidated Financial Statements

There is no equity in structured subjects that are not included in the scope of consolidated financial statements during the current period.

IX. GOVERNMENT GRANTS

1. Government Grants Recognised as the Amount Receivable at the End of the Reporting Period

As of June 30, 2026, the balance of government grant receivables was RMB0.00.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

IX. GOVERNMENT GRANTS (continued)

2. Liabilities Related to Government Grants

Line item in the balance sheet	Balance as at December 31, 2025	Additional grants during the period	Current amount recognised in non-operating income	Transfer to other income for the period	Other changes for the period	**Balance as at June 30, 2026**	Relating to assets/income
Deferred income	208,030,164.26	8,589,900.00	–	10,078,074.90	–	**206,541,989.36**	Relating to assets
Total	208,030,164.26	8,589,900.00	–	10,078,074.90	–	**206,541,989.36**	

3. Government Grants included in the Current Profit or Loss

Line item in the income statement	**January to June 2026**	January to June 2025	Related to asset/income
Other income	**10,078,074.90**	9,088,782.33	Relating to assets
Other income	**1,282,641.38**	7,488,959.82	Relating to income
Total	**11,360,716.28**	16,577,742.15	

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS

The Group's risks related to financial instruments arise from the various financial assets and financial liabilities recognised in the course of its operations, including credit risk, liquidity risk and market risk.

The system of management objectives and policies of various risks related to financial instruments is the responsibility of the management of the Company. The operational management is responsible for daily risk management through functional departments (for example, the Company's credit management department reviews each credit sale transaction on a case-by-case basis). The internal audit department of the Company conducts daily supervision of the implementation of the Company's risk management policies and procedures, and reports the findings to the audit committee of the Company in time.

The overall target of the Company's risk management is to develop risk management policies that minimize various risks related to financial instruments without overly affecting the competitiveness and coping capacities.

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

1. Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. The Company's credit risk mainly arises from cash and cash equivalents, bills receivable, trade receivables, receivables financing and other receivables. The credit risk of these financial assets arises from the default of counterparties, and the maximum risk exposure is equal to the carrying amount of these instruments.

The Company's cash and cash equivalents are primarily deposited with financial institutions such as commercial banks. The Company considers these commercial banks to possess high credit standing and sound asset conditions, and therefore the credit risk is low.

For bills receivable, trade receivables, receivables financing and other receivables, the Company has established relevant policies to control credit risk exposure. The Company the credit quality of and sets credit limits on its customers by taking into account their financial conditions, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The Company regularly monitors the credit history of its customers. For customers with a poor credit history, the Company will adopt measures such as written payment reminders, shortening or cancellation of credit terms, to ensure that the overall credit risk of the Company is limited to a controllable extent.

(1) Criteria for significant increase in credit risk

The Company assesses at each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. In determining whether a significant increase in credit risk has occurred since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on the Company's historical data, external credit risk ratings and forward-looking information. The Company determines changes in the risk of default over the expected lifetime of financial instruments by comparing the risk of default at the balance sheet date with the risk of default at initial recognition, on the basis of individual financial instruments or portfolios of financial instruments with similar credit risk characteristics.

The Company considers that a significant increase in credit risk of a financial instrument has occurred when one or more of the following quantitative or qualitative criteria are triggered: the quantitative criterion is primarily that the probability of default over the remaining lifetime at the reporting date has increased by more than a certain percentage relative to that at initial recognition; the qualitative criteria include significant adverse changes in the operating or financial condition of the principal debtor, early warning customer lists, etc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

1. Credit risk (continued)

(2) Definition of credit-impaired assets

In determining whether credit impairment has occurred, the Company applies the same definitional criteria as those used for internal credit risk management purposes for the relevant financial instruments, while considering both quantitative and qualitative indicators.

In assessing whether a debtor is credit-impaired, the Company primarily considers the following factors: significant financial difficulty of the issuer or debtor; a breach of contract by the debtor, such as default or delinquency in interest or principal payments; the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting the debtor a concession that would not otherwise be considered; the debtor is likely to become bankrupt or undergo other financial reorganisation; the disappearance of an active market for the financial asset due to financial difficulties of the issuer or debtor; or the purchase or origination of a financial asset at a deep discount that reflects the occurrence of credit losses.

Credit impairment of a financial asset may result from the combined effect of multiple events and may not necessarily be attributable to a single identifiable event.

(3) Parameters for measuring expected credit losses

Based on whether credit risk has increased significantly and whether credit impairment has occurred, the Company measures loss allowances for different assets using either 12-month expected credit losses or lifetime expected credit losses. Key parameters for measuring expected credit losses include probability of default, loss given default and exposure at default. The Company establishes models for probability of default, loss given default and exposure at default, incorporating quantitative analyses of historical statistical data (such as counterparty rating, type of guarantees and collateral, repayment methods, etc.) and forward-looking information.

The relevant definitions are as follows:

Probability of default is the likelihood that a debtor will fail to meet its repayment obligations over the next 12 months or over the entire remaining lifetime.

Loss given default is the Company's expectation of the extent of loss on exposure at default. Loss given default varies depending on the type of counterparty, the means and priority of recourse, and the difference of collateral. Loss given default is the percentage of loss on exposure at default, calculated on a 12-month or lifetime basis;

Exposure at default is the amount that the Company is entitled to be repaid in the event of default over the next 12 months or over the entire remaining lifetime. The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. The Company identifies key economic indicators that affect credit risk and expected credit losses for each type of business through historical data analysis.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

1. Credit risk (continued)

(3) Parameters for measuring expected credit losses (continued)

The Company's maximum credit risk exposure is the carrying amount of each financial asset presented in the balance sheet. The Company has not provided any guarantees that would otherwise expose the Company to credit risk.

Among the trade receivables of the Company, the trade receivables from the top five customers accounted for 54.82% of the total trade receivables of the Company (2025: 49.25%). Among the other receivables of the Company, the other receivables from the top five companies by amount outstanding accounted for 86.75% of the total other receivables of the Company (2025: 80.19%).

2. Liquidity risk

Liquidity risk is the risk of fund shortage when the Company performs its obligation by cash payment or settlement through other financial assets. The Company is responsible for the overall cash management of all its subsidiaries, including short-term investment of cash surpluses and arranging borrowings to meet anticipated cash requirements. The Company's policy is to regularly monitor both short-term and long-term liquidity requirements and compliance with borrowing covenants, so as to ensure that sufficient cash reserves and readily marketable securities are maintained.

As of June 30, 2026, the maturity of the Company's financial liabilities was as follows:

Item	Within 1 year	1-2 years	2-3 years	Over 3 years
Short-term borrowings	252,370,861.47	–	–	–
Derivative financial liabilities	4,795,977.22	–	–	–
Bills payables	1,077,097,242.59	–	–	–
Trade payables	2,585,201,946.31	–	–	–
Other payables	68,430,481.64	–	–	–
Non-current liabilities due within one year	167,652,324.34	–	–	–
Long-term borrowings		393,304,581.46	–	–
Lease liabilities	–	640,239.72	662,648.11	627,781.99
Long-term payables	–	16,210.76	16,964.56	2,154,483.09
Total	4,155,548,833.57	393,961,031.94	679,612.67	2,782,265.08

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

3. Market Risk

(1) Foreign exchange risk

The Company's foreign exchange risk mainly arises from foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their functional currency. The Company's exposure to foreign exchange risk is mainly related to borrowings denominated in HKD and USD; except for the subsidiaries established in the Hong Kong Special Administrative Region of the People's Republic of China and other overseas jurisdictions which use HKD, USD, British pounds, RMB or SGD for settlement, the Company's other principal businesses are denominated and settled in RMB.

① As of June 30, 2026, the Company's principal foreign exchange exposure in respect of its various foreign currency assets and liabilities was as follows:

	USD		EUR		HKD		THB	
Item	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB
Cash and cash equivalents	86,362,384.71	588,205,566.02	18,636.43	144,751.02	525,594,521.84	456,505,121.93	27,057,368.58	5,525,692.81
Trade receivables	332,479,384.49	2,264,483,839.46	–	–	–	–	16,053,163.58	3,278,056.00
Other receivables	1,473,028.00	10,032,646.41	–	–	–	–	11,266,999.05	2,300,721.21
Trade payables	26,254,508.26	178,816,830.39	290,000.00	2,252,459.00	34,677.42	30,120.81	210,857,686.71	43,057,139.63
Other payables	119,743.49	815,560.93	–	–	–	–	–	–
Non-current liabilities due within one year	6,136,023.82	53,818,620.26	–	–	–	–	–	–
Long-term borrowings	8,643,345.75	33,398,535.27	–	–	–	–	–	–

The Company closely monitors the impact of exchange rate fluctuations on its exchange rate risk. Currently, the Company has not taken any measures to avoid exchange rate risk. However, the management is responsible for monitoring exchange rate risk and will consider hedging significant exchange rate risks when necessary.

② Sensitivity Analysis

As at June 30, 2026, assuming all other risk variables remain constant, if RMB appreciates or depreciates by 10% against the US dollar on that date, the Company's net profit for the year would decrease or increase by RMB220,649,200; if RMB appreciates or depreciates by 10% against EUR on that date, the Company's net profit for the year would increase or decrease by RMB179,200; if RMB appreciates or depreciates by 10% against the HKD on that date, the Company's net profit for the year would decrease or increase by RMB38,800,400; if RMB appreciates or depreciates by 10% against THB on that date, the Company's net profit for the year would increase or decrease by RMB2,716,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

3. Market Risk (continued)

(2) Interest rate risk

The Company's interest rate risk arises primarily from long-term interest-bearing liabilities such as long-term bank borrowings and bonds payable. Financial liabilities at floating interest rates expose the Company to cash flow interest rate risk, whilst those at fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions.

The finance department at the headquarters of the Company continuously monitors the Group's interest rate levels. As a rise in interest rates would increase the costs of new interest-bearing debts and the interest expenses on the Company's outstanding interest-bearing debts at floating rates, and would have a material adverse impact on the Company's financial results, the management will make timely adjustments in accordance with the latest market conditions.

As of June 30, 2026, assuming all other risk variables remain constant, if the interest rate on floating-rate borrowings increases or decreases 100 basis points, the Company's net profit for the year would decrease or increase of RMB3,212,100.

4. Transfer of Financial Assets

(1) Classified by transfer type of financial assets

Transfer type of financial assets	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Judgment basis of derecognition
Bill endorsement	Bank acceptance bills involved in financing receivables that were not due	50,426,471.87	Derecognition	As the bank acceptance bills involved in financing receivables are accepted by banks with high credit ratings, the credit risk and risk of delayed payment are minimal; furthermore, the interest rate risk associated with the bills has been transferred to the banks. It can therefore be concluded that the significant risks and rewards associated with ownership of the bills have been transferred, and the items are consequently derecognized.
Bill endorsement	Bank acceptance bills involved in bill receivables that were not due	19,755,413.36	Not derecognized	As the bank acceptance bills involved in bill receivables are accepted by banks with low credit ratings, and as endorsed or discounted bank acceptance bills do not affect the right of recourse, the credit risk and risk of delayed payment associated with the bills have not been transferred; therefore, the items have not been derecognized.
Bill discount	Bank acceptance bills involved in financing receivables that were not due	19,240,048.65	Derecognition	As the bank acceptance bills involved in financing receivables are accepted by banks with high credit ratings, the credit risk and risk of delayed payment are minimal; furthermore, the interest rate risk associated with the bills has been transferred to the banks. It can therefore be concluded that the significant risks and rewards associated with ownership of the bills have been transferred, and the items are consequently derecognized.
Total	-	89,421,933.88	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

X. RISKS IN RELATION TO FINANCIAL INSTRUMENTS (continued)

4. Transfer of Financial Assets (continued)

(2) Derecognition of financial assets due to transfer

Item	Transfer type of financial assets	Derecognized amount	Gain or loss related to derecognition
Financing receivables	Discount	19,240,048.65	–30,639.78
Financing receivables	Discount	50,426,471.87	–
Total	—	69,666,520.52	–30,639.78

(3) Amounts of assets and liabilities arising from transfers of financial assets with continued involvement

As of June 30, 2026, the Company had no assets or liabilities arising from the transfer of financial assets with continued involvement.

XI. FAIR VALUE DISCLOSURE

The level in the fair value hierarchy into which the fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XI. FAIR VALUE DISCLOSURE (continued)

1. Fair value of assets and liabilities measured at fair value as at June 30, 2026

Item	Fair value as at June 30, 2026			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading	–	–	–	–
(II) Derivative financial assets	–	13,202,084.83	–	13,202,084.83
(III) Receivables financing	–	–	543,048.58	543,048.58
Total assets measured at fair value on a recurring basis	–	13,202,084.83	543,048.58	13,745,133.41
(I) Derivative financial liabilities	–	4,795,977.22	–	4,795,977.22
Total liabilities measured at fair value on a recurring basis	–	4,795,977.22	–	4,795,977.22

For financial instruments traded in active markets, the Company determines its fair value with its active market quotation; for financial instruments that are not traded on active markets, the Company uses valuation techniques to determine its fair value. The valuation models used are mainly discounted cash flow models and market comparable company models. The input value of valuation technique mainly include risk-free interest rate, benchmark interest rate, exchange rate, credit point difference, liquidity premium, lack of liquidity discount and so on.

2. Qualitative and quantitative information about valuation techniques and significant inputs used for recurring and non-recurring Level 2 fair value measurements

Item	Fair value as at June 30, 2026	Valuation technique	Inputs
Derivative instruments:			
Derivative financial assets	13,202,084.83	With reference to the valuation provided by banks	Determined based on the fair value of derivative financial assets provided by banks as at the balance sheet date

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XI. FAIR VALUE DISCLOSURE (continued)

3. Qualitative and quantitative information about valuation techniques and significant inputs used for recurring and non-recurring Level 3 fair value measurements

Receivables financing represents bank acceptance bills held by the Company. As the remaining maturity of the bills is relatively short, the carrying amount approximates their fair value; accordingly, the Company determines the fair value at the face amount of the bills. Financial assets held for trading represent structured bank deposit products held by the Company, which are principal-guaranteed floating-rate financial assets. The Company estimates the return based on the expected yield rate and recognises it as gains arising from changes in fair value.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Definition of related parties: If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control or joint control from the same party.

1. Information about the Company's Parent Company

Name of parent company	Place of registration	Nature of business	Registered capital	Percentage of equity interest held by the parent company	Percentage of voting rights held by the parent company
Guangzhou Zhenyun Investment Co., Ltd.	Guangzhou	Commercial services	RMB10 million	36.22%	36.22%

The ultimate controlling parties of the Company: The ultimate controlling parties of the Company are Xiao Hongxing and Liu Jinchan.

2. Information about the Company's Subsidiaries

Details of the Company's subsidiaries are set out in Note VIII. 1. Interests in Subsidiaries.

3. Information about the Company's Joint Ventures and Associates

Details of the Company's associates are set out in Note VIII. 2. Interests in Joint Arrangements or Associates.

4. Information about the Company's Other Related Parties

Name of other related party	Relationship between other related party and the Company
Dongguan Superb Electronic Materials Co., Ltd.	Other companies controlled by the ultimate controlling parties
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	Other companies controlled by the ultimate controlling parties
Directors and senior management	Key management personnel

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions

(1) Related party transactions involving the purchase and sale of goods, and the provision and receipt of services

Purchases of goods and receipt of services

Related party	Nature of related party transaction	**Amount for the six months ended June 30, 2026**	Amount for the six months ended June 30, 2025
Dongguan Superb Electronic Materials Co., Ltd.	Purchase of chemical solutions	**7,662,450.99**	11,244,537.80
Dongguan Guanghua Environmental Protection Technology Co., Ltd.	Purchase of chemical solutions and technical services	**9,599,882.12**	5,356,347.26

(2) Related party guarantees

There were no guarantees for which the Company acted as the guaranteed party during the reporting period.

(3) Key management personnel compensation

Item	**Amount for the six months ended June 30, 2026**	Amount for the six months ended June 30, 2025
Key management personnel compensation	**11,859,153.40**	10,615,833.37

6. Amounts Due From/To Related Parties

(1) Amounts payable

Item	Related party	**June 30, 2026**	December 31, 2025
Trade payables	Dongguan Superb Electronic Materials Co., Ltd.	**6,996,001.77**	6,077,544.12
	Dongguan Guanghua Environmental Protection Technology Co., Ltd.	**–**	3,055,881.62
Other payables	Dongguan Guanghua Environmental Protection Technology Co., Ltd.	**3,089,723.10**	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XIII. SHARE-BASED PAYMENTS

1. Overall Information about Share-based Payments

Category of grantees	Granted during the period		Exercised during the period		Unlocked during the period		Lapsed during the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Key personnels	–	–	564,320.00	20,163,153.60	–	–	6,540.00	233,674.20
Mid-level management members	–	–	340,192.00	12,155,060.16	–	–	10,000.00	263,200.00
High-potential employees	–	–	–	–	154,400.00	2,759,128.00	20,000.00	536,000.00
Total	–	–	904,512.00	32,318,213.76	154,400.00	2,759,128.00	36,540.00	1,032,874.20

Category of grantees	Exercise price and remaining contractual life of share options outstanding at the end of the period	Exercise price and remaining contractual life of other equity instruments outstanding at the end of the period
Key personnels and mid-level management members	As at the end of the reporting period, the Company had 2,043,200 share options outstanding. Among which: 1. 1,413,200 share options have an exercise price of RMB35.73 per share, and are exercisable in three tranches. The first vesting tranche represents 40% of the total, which may be unlocked during the period that occurs between the first trading day after expiration of 12 months from the date of grant and the last trading day after expiration of 24 months from the date of grant; the second vesting tranche represents 30%, unlocked during the period that occurs between the first trading day after expiration of 24 months from the date of grant and the last trading day after expiration of 36 months from the date of grant; and the third vesting tranche represents 30%, unlocked during the period that occurs between the first trading day after expiration of 36 months from the date of grant and the last trading day after expiration of 48 months from the date of grant. 2. 630,000 share options have an exercise price of RMB35.25 per share, and are exercisable in two tranches. The first vesting tranche represents 50% of the total, which may be unlocked during the period that occurs between the first trading day after expiration of 24 months from the date of grant and the last trading day after expiration of 36 months from the date of grant; and the second vesting tranche represents 50%, unlocked during the period that occurs between the first trading day after expiration of 36 months from the date of grant and the last trading day after expiration of 48 months from the date of grant.	Nil
High-potential employees	As at the end of the reporting period, the Company had 391,400 share options outstanding, with an exercise price of RMB35.73 per share, exercisable in three tranches. The first vesting tranche represents 40% of the total, which may be unlocked during the period that occurs between the first trading day after expiration of 18 months from the date of grant and the last trading day after expiration of 30 months from the date of grant; the second vesting tranche represents 30%, unlocked during the period that occurs between the first trading day after expiration of 30 months from the date of grant and the last trading day after expiration of 42 months from the date of grant; and the third vesting tranche represents 30%, unlocked during the period that occurs between the first trading day after expiration of 42 months from the date of grant and the last trading day after expiration of 54 months from the date of grant.	Nil

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XIII. SHARE-BASED PAYMENTS (continued)

2. Equity-settled Share-based Payments

Item	Equity incentive plan implemented during the year
Determination of the fair value of equity instruments on the grant date	Nil
Key parameters used in determining the fair value of equity instruments on the grant date	
Basis for determining the number of exercisable equity instruments	Nil
Reasons for significant differences between current and prior period estimates	Nil
Amount recognised in capital reserve during the year for equity-settled share-based payments	31,100,522.23

Note: The amount credited to capital reserve in respect of the equity-settled share-based incentive plan implemented during the year for the period from January to June 2026 was RMB31,100,522.23.

3. Share-based payment expenses for the period

Category of grantees	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Employee	31,100,522.23	–
Total	31,100,522.23	–

4. Modification and Termination of Share-based Payment Arrangements

During the reporting period, the Company had no modification or termination of share-based payment arrangements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XIV. COMMITMENTS AND CONTINGENT LIABILITIES

1. Significant Commitments

The significant external commitments, their nature and amount outstanding at the balance sheet date:

(1) Capital commitments

Capital commitments contracted for but not yet recognised in the financial statements	June 30, 2026
Commitments for the acquisition and construction of long-term assets	3,031,435,772.60
Significant outsourced construction contracts	204,686,238.53

(2) Commitments at the end of the period

As of June 30, 2026, the Company's capital commitments were primarily related to ongoing projects such as the "Yunqing Smart Manufacturing Base Project" and the "Thailand Project."

As at June 30, 2026, the letters of credit issued by the Company as applicant were as follows:

Issuing bank	Number of irrevocable and outstanding letters of credit not yet fully performed	Amount
China Merchants Bank Co., Ltd. Huangshi Branch	11	55,390,032.78
Total	11	55,390,032.78

As at June 30, 2026, there were no other commitments required to be disclosed by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XIV. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

2. Contingent Liabilities

Significant contingent liabilities in at the balance sheet date:

(1) Contingent liabilities arising from providing debt guarantees to other entities and their financial impact

Name of the guaranteed entity	Guarantee details	Amount	Term	Note
I. Subsidiaries				
Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司)	Guarantee for bank borrowings	116,146,861.14	2023/3/29-2028/6/1	Non-maximum amount guarantee + surety guarantee
Delton Technology (Thailand) Co.,Ltd	Guarantee for bank borrowings	86,726,729.46	2024/10/12-2027/10/22	Maximum corporate guarantee
Delton Numerical Control Technology (Dongguan) Co., Ltd. (東莞廣合數控科技有限公司)	Credit facilities from Shanghai Pudong Development Bank Co., Ltd., Guangzhou Dongshan Sub-branch	31,572,611.97	Six months from the date of issue of the bill	
Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司)	Credit facilities from China Merchants Bank Co., Ltd., Huangshi Branch	108,825,234.81	Six months from the date of issue of the bill	
Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司)	Credit facilities from China Guangfa Bank Co., Ltd., Huangshi Sub-branch	57,700,218.30	Six months from the date of issue of the bill	
Delton Precision Circuits (Huangshi) Inc. (黃石廣合精密電路有限公司)	Credit facilities from China Merchants Bank Co., Ltd., Huangshi Branch	55,390,032.78	One year from the date of issue of the letter of credit	
DELTON TECHNOLOGY INTERNATIONAL LIMITED (廣合科技(國際)有限公司)	Credit facilities from DBS Bank (China) Limited, Shanghai Pilot Free Trade Zone Sub-branch	4,795,977.22	From the purchase date to the settlement date of the forward foreign exchange lock	
Total		461,157,665.68		

As of June 30, 2026, there were no other contingent liabilities required to be disclosed by the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XV. EVENTS AFTER THE BALANCE SHEET DATE

As of the date of the review report, other than the matters disclosed above, there were no other events after the balance sheet date required to be disclosed by the Company.

XVI. OTHER SIGNIFICANT MATTERS

As at June 30, 2026, there were no other significant matters required to be disclosed by the Company.

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS

1. Trade Receivables

(1) Ageing analysis

Age	**June 30, 2026**	December 31, 2025
Within 1 year	**3,063,208,140.24**	1,995,244,609.09
Subtotal	**3,063,208,140.24**	1,995,244,609.09
Less: Provision for bad debts	**35,431,396.72**	28,300,591.75
Total	**3,027,776,743.52**	1,966,944,017.34

(2) Disclosure by classification of provision method for bad debts

	June 30, 2026				
	Carrying amount		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts on an individual basis	-	-	-	-	-
Provision for bad debts on a portfolio basis	3,063,208,140.24	100.00	35,431,396.72	1.16	3,027,776,743.52
Ageing-based portfolio	708,627,934.35	23.13	35,431,396.72	5.00	673,196,537.63
Related parties within the scope of consolidation	2,354,580,205.89	76.87	-	-	2,354,580,205.89
Total	3,063,208,140.24	100.00	35,431,396.72	1.16	3,027,776,743.52

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

1. Trade Receivables (continued)

(2) Disclosure by classification of provision method for bad debts (continued)

	December 31, 2025				
	Carrying amount		Provision for bad debts		
Category	Amount	Percentage (%)	Amount	Percentage of provision (%)	Book value
Provision for bad debts on an individual basis	–	–	–	–	–
Provision for bad debts on a portfolio basis	1,995,244,609.09	100.00	28,300,591.75	1.42	1,966,944,017.34
Ageing-based portfolio	566,235,739.16	28.38	28,300,591.75	5.00	537,935,147.41
Related parties within the scope of consolidation	1,429,008,869.93	71.62	–	–	1,429,008,869.93
Total	1,995,244,609.09	100.00	28,300,591.75	1.42	1,966,944,017.34

Detailed explanation of the provision for bad debts:

① Trade receivables for which provision for bad debts is made based on ageing portfolio

	June 30, 2026			December 31, 2025		
Ageing	Carrying amount	Provision for bad debts	Provision rate (%)	Carrying amount	Provision for bad debts	Provision rate (%)
Within 1 year	708,627,934.35	35,431,396.72	5.00	566,235,739.16	28,300,591.75	5.00
Total	708,627,934.35	35,431,396.72	5.00	566,235,739.16	28,300,591.75	5.00

② Trade receivables for which provision for bad debts is made based on related parties within the scope of consolidation

	June 30, 2026			December 31, 2025		
Item	Carrying amount	Provision for bad debts	Provision rate (%)	Carrying amount	Provision for bad debts	Provision rate (%)
Amounts due from subsidiaries	2,354,580,205.89	–	–	1,429,008,869.93	–	–
Total	2,354,580,205.89	–	–	1,429,008,869.93	–	–

For the recognition criteria and explanation of provisions for bad debts made on a portfolio basis, see Note III.11.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

1. Trade Receivables (continued)

(3) Changes in provisions for bad debts

Category	December 31, 2025	Changes in current period Accrual	Changes in current period Recovery or reversal	Changes in current period Offset or Write-off	Changes in current period Others	**June 30, 2026**
Ageing portfolio	28,300,591.75	7,130,804.97	–	–	–	**35,431,396.72**
Total	28,300,591.75	7,130,804.97	–	–	–	**35,431,396.72**

During the reporting period, the Company had no trade receivables with significant amounts of bad debt provisions recovered or reversed.

(4) Trade receivables actually written off in the period

During the reporting period, the Company had no trade receivables actually written off.

(5) Top five trade Receivables by debtor at the end of the period

Name of the entity	Closing balance of trade receivables	Percentage to the total closing balance of trade receivables (%)	Closing balance of provision for bad debts of trade receivables
First	2,118,088,183.19	69.15	–
Second	185,341,578.41	6.05	–
Third	112,328,462.79	3.67	5,616,423.14
Fourth	69,764,637.74	2.28	3,488,231.89
Fifth	61,875,519.71	2.02	3,093,775.99
Total	2,547,398,381.84	83.17	12,198,431.02

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables

(1) Breakdown of item

Item	June 30, 2026	December 31, 2025
Other receivables	1,133,519,849.09	871,170,974.02
Total	1,133,519,849.09	871,170,974.02

(2) Other receivables

① Disclosure by aging

Aging	June 30, 2026	December 31, 2025
Within 1 year	540,456,776.95	407,139,942.87
1 to 2 years	362,081,744.28	206,396,538.82
2 to 3 years	86,681,706.15	93,547,481.16
3 to 4 years	145,499,656.09	163,514,988.13
4 to 5 years	314,148.00	370,199.00
Over 5 years	501,000.00	542,804.66
Subtotal	1,135,535,031.47	871,511,954.64
Less: Provision for bad debts	2,015,182.38	340,980.62
Total	1,133,519,849.09	871,170,974.02

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

② Classification by nature

Nature	June 30, 2026	December 31, 2025
Related party balances within the scope of consolidation	**1,115,383,207.64**	868,102,148.44
Deposits and guarantees	**20,079,323.39**	3,289,638.88
Employee advances, petty cash and others	**72,500.44**	120,167.32
Subtotal	**1,135,535,031.47**	871,511,954.64
Less: Provision for bad debts	**2,015,182.38**	340,980.62
Total	**1,133,519,849.09**	871,170,974.02

③ Disclosure by classification with the method of provision for bad debt

A. As of June 30, 2026, the provision for bad debts is made under the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	1,135,535,031.47	2,015,182.38	1,133,519,849.09
Stage 2	–	–	–
Stage 3	–	–	–
Total	1,135,535,031.47	2,015,182.38	1,133,519,849.09

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

③ Disclosure by classification with the method of provision for bad debt (continued)

A. (continued)

As at June 30, 2026, the provision for bad debts in Stage 1 is as follows:

Categories	Book balance	Provision rate (%)	Provision for bad debts	Carrying amount	Reasons
Provision for bad debts on an individual basis					
Provision for bad debts on group basis	1,135,535,031.47	0.18	2,015,182.38	1,133,519,849.09	
1. Deposits and guarantees	20,079,323.39	10.00	2,007,932.34	18,071,391.05	
2. Employee advances, petty cash and others	72,500.44	10.00	7,250.04	65,250.40	
3. Related party balances within the scope of consolidation	1,115,383,207.64	–	–	1,115,383,207.64	
Total	1,135,535,031.47	0.18	2,015,182.38	1,133,519,849.09	

At the end of the period, the Company had no other receivables in Stage 2 or Stage 3.

B. As of December 31, 2025, the provision for bad debts is made under the three-stage model as follows:

Stage	Book balance	Provision for bad debts	Carrying amount
Stage 1	871,511,954.64	340,980.62	871,170,974.02
Stage 2	–	–	–
Stage 3	–	–	–
Total	871,511,954.64	340,980.62	871,170,974.02

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

③ Disclosure by classification with the method of provision for bad debt (continued)

B. (continued)

As of December 31, 2025, the provision for bad debts in Stage 1 is as follows:

Categories	Book balance	Provision rate (%)	Provision for bad debts	Carrying amount	Reasons
Provision for bad debts on an individual basis	–	–	–	–	
Provision for bad debts on group basis	871,511,954.64	0.04	340,980.62	871,170,974.02	
1. Deposits and guarantees	3,289,638.88	10.00	328,963.89	2,960,674.99	
2. Employee advances, petty cash and others	120,167.32	10.00	12,016.73	108,150.59	
3. Related party balances within the scope of consolidation	868,102,148.44	–	–	868,102,148.44	
Total	871,511,954.64	0.04	340,980.62	871,170,974.02	

As of December 31, 2025, the Company had no other receivables in Stage 2 or Stage 3.

Basis for the amount of provision for bad debts made during the current period: for the recognition criteria and explanation of provisions for bad debts made on a portfolio basis, see Note III.11.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

④ Changes in provisions for bad debts

Bad debt provision	Stage I ECL over the next 12 months	Stage II Lifetime ECL (non-credit impaired)	Stage III Lifetime ECL (credit impaired)	Total
Balance as at December 31, 2025	340,980.62	–	–	340,980.62
Balance as at December 31, 2025 transferred in the current period	–	–	–	–
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Transfer back to stage 2	–	–	–	–
– Transfer back to stage 1	–	–	–	–
Provision made during the period	1,674,201.76	–	–	1,674,201.76
Reversed during the period				
Offset during the period	–	–	–	–
Written off during the period	–	–	–	–
Other changes	–	–	–	–
Balance as at June 30, 2026	**2,015,182.38**	**–**	**–**	**2,015,182.38**

The Company had no other receivables with significant amounts of bad debt provisions recovered or reversed for the Period.

⑤ Other receivables actually written-off for the period

The Company had no other receivables actually written off for the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Other receivables (continued)

⑥ Top five other receivables by debtor at the end of the period

Name of entity	Nature of payment	Balance as at June 30, 2026	Aging	Percentage of the total other receivables at the end of the period (%)	Bad debt provision
Delton Technology (Thailand) Co., Ltd.	Related party balances within the scope of consolidation	730,699,041.48	1 to 3 years	64.35	–
Delton Precision Circuits (Huangshi) Inc.	Related party balances within the scope of consolidation	285,767,726.96	1 to 4 years	25.17	–
Delton Numerical Control Technology (Dongguan) Co., Ltd.	Related party balances within the scope of consolidation	98,916,439.20	1 to 3 years	8.71	–
Dongguan Universe Circuit Board Equipment Co., Ltd.	Deposits and guarantees	9,502,200.00	Within 1 year	0.84	950,220.00
Dingqin Technology (Shenzhen) Co., Ltd.	Deposits and guarantees	6,139,500.00	Within 1 year	0.54	613,950.00
Total		1,131,024,907.64		99.61	1,564,170.00

⑦ Presented as other receivables due to centralized cash management

As at the end of the period, the Company had no amounts presented as other receivables arising from centralized cash management.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

3. Long-term equity investments

(1) Details of long-term equity investments

Item	As at June 30, 2026			As at December 31, 2025		
	Carrying amount	**Impairment provision**	**Carrying value**	Carrying amount	Impairment provision	Carrying value
Investments in subsidiaries	**1,823,688,242.25**	**–**	**1,823,688,242.25**	1,079,672,310.75	–	1,079,672,310.75
Associates	**20,203,062.67**	**–**	**20,203,062.67**	11,803,458.39	–	11,803,458.39
Total	**1,843,891,304.92**	**–**	**1,843,891,304.92**	1,091,475,769.14	–	1,091,475,769.14

(2) Investments in subsidiaries

Investee	As at December 31, 2025	Increase during the period	Decrease during the period	**As at June 30, 2026**	Impairment provision recognised during the period	Impairment provision balance as at June 30, 2026
Delton Precision Circuits (Huangshi) Inc.	680,000,000.00	196,000,000.00	–	**876,000,000.00**	–	–
DELTON TECHNOLOGY INTERNATIONAL LIMITED	299,672,310.75	548,015,931.50	–	**847,688,242.25**	–	–
Delton Numerical Control Technology (Dongguan) Co., Lltd.	100,000,000.00	–	–	**100,000,000.00**	–	–
Total	1,079,672,310.75	744,015,931.50	–	**1,823,688,242.25**	–	–

(3) Investments in associates and joint ventures

Investee	As at December 31, 2025 (Carrying value)	Changes during the period								**As at June 30, 2026 (Carrying value)**	Impairment provision balance as at June 30, 2026
		Additional investments	Reduction of investments	Investment profit or loss recognised under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profit distributions declared	Impairment provision recognised	Other		
Associates											
Jiupai Hongtao Emerging Industry Venture Capital Investment Fund (Suzhou) Partnership (Limited Partnership)	11,803,458.39	9,000,000.00	–	-600,395.72	–	–	–	–	–	**20,203,062.67**	–
Total	11,803,458.39	9,000,000.00	–	-600,395.72	–	–	–	–	–	**20,203,062.67**	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVII. NOTES TO KEY ITEMS IN THE PARENT COMPANY FINANCIAL STATEMENTS (continued)

4. Operating income and operating cost

Item	January to June 2026 Revenue	January to June 2026 Cost	January to June 2025 Revenue	January to June 2025 Cost
Principal business	**3,599,291,445.71**	**2,640,837,020.08**	2,104,128,000.32	1,500,110,962.02
Other business	**445,922,954.08**	**247,319,376.83**	143,739,206.11	22,509,472.18
Total	**4,045,214,399.79**	**2,888,156,396.91**	2,247,867,206.43	1,522,620,434.20

5. Investment income

Items	January to June 2026	January to June 2025
Investment income received during the holding period of financial assets held for trading	**881,020.21**	2,283,579.05
Income from long-term equity investments accounted for using the equity method	**–600,395.72**	–
Total	**280,624.49**	2,283,579.05

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVIII. SUPPLEMENTARY INFORMATION

1. Schedule of Non-recurring Profit or Loss for the Current Period

Item	January to June 2026	Explanation
Gain or loss on disposal of non-current assets, including write-back of asset impairment provisions	395,668.31	
Government grants recognised in profit or loss for the current period, excluding government grants that are closely related to the Company's normal operating business, comply with national policy provisions, are enjoyed according to determined standards, and have a continuing impact on the Company's profit or loss	902,257.54	
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses from disposal of financial assets and financial liabilities, excluding effective hedging business related to the Company's normal operating business	18,171,372.29	
Capital occupation fees charged to non-financial enterprises recognised in profit or loss for the current period	–	
Gains or losses from entrusting others to invest or manage assets	–	
Gains or losses from entrusted loans	–	
Asset losses caused by force majeure factors, such as natural disasters	–	
Reversal of impairment provisions for receivables tested for impairment individually	–	
Gains arising from the investment cost of acquiring subsidiaries, associates and joint ventures being less than the fair value of the identifiable net assets of the investee at the time of acquisition	–	
Current net profit or loss of subsidiaries from the beginning of the period to the merger date under common control business combinations	–	
Gains or losses from non-monetary asset exchanges	–	
Gains or losses from debt restructuring	–	
One-time expenses incurred by enterprises due to the discontinuation of related operating activities, such as expenses for employee resettlement	–	
One-time impact on current profit or loss due to adjustments in tax, accounting and other laws and regulations	–	
Share-based payment expenses recognised on a one-time basis due to cancellation or modification of equity incentive plans	–	
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee compensation payable after the vesting date	–	
Gains or losses from changes in fair value of investment properties subsequently measured using the fair value model	–	
Gains from transactions with obviously unfair transaction prices	–	
Gains or losses from contingencies unrelated to the Company's normal operating business	–	
Trusteeship fee income from entrusted operations	–	
Other non-operating income and expenses other than the above items	-71,253.04	
Other profit or loss items that meet the definition of non-recurring profit or loss	–	
Total non-recurring profit or loss	19,398,045.10	
Less: Income tax effect on non-recurring profit or loss	3,211,862.04	
Net non-recurring profit or loss	16,186,183.06	
Less: Net non-recurring profit or loss attributable to minority shareholders	–	
Net non-recurring profit or loss attributable to ordinary shareholders of the Company	16,186,183.06	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2026

XVIII. SUPPLEMENTARY INFORMATION (continued)

2. Return on equity and earnings per share

① *January to June 2026*

Reporting period profit	Weighted average return on equity(%)	Earnings Per Share Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	16.05	2.14	2.13
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	15.78	2.10	2.10

② *January to June 2025*

Reporting period profit	Weighted average return on equity(%)	Earnings Per Share Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	14.81	1.16	1.16
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	14.39	1.13	1.13

Company Name: Delton Technology (Guangzhou) Inc.
Date: August 7, 2026

DEFINITIONS

In the Report, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of the Company's A Share(s)
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, supplemented, or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"China" or "Chinese Mainland" or "the PRC"	the People's Republic of China, but for the purpose of the Report and except where the context requires otherwise, references in the Report to "China," "Chinese Mainland" or the "PRC" do not apply to Hong Kong, the Macao Special Administrative Region, and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Delton Technology (Guangzhou) Inc. (廣州廣合科技股份有限公司), a company established under the laws of the PRC on June 17, 2002 and converted into a joint stock company with limited liability on June 22, 2020, whose A Shares have been listed on the Shenzhen Stock Exchange (stock code: 001389), and H Shares have been listed on the Main Board of Hong Kong Stock Exchange (stock code: 01989)
"Company Law"	the Company Law of the People's Republic of China
"Corporate Governance Code" or "CG Code"	Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
"Delton International"	DELTON TECHNOLOGY INTERNATIONAL LIMITED (廣合科技(國際)有限公司), a limited liability company incorporated under the laws of Hong Kong on January 3, 2019, and a wholly-owned subsidiary of our Company

DEFINITIONS

"Delton Investment"	Delton Investment Holdings Limited, a limited liability company incorporated under the laws of the British Virgin Islands on April 4, 2023, and a wholly-owned subsidiary of our Company
"Director(s)"	the director(s) of our Company
"Dongguan Delton"	Delton Numerical Control Technology (Dongguan) Co., Ltd. (東莞廣合數控科技有限公司), a limited liability company established under the laws of the PRC on January 28, 2021, and a wholly-owned subsidiary of our Company
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"ESG"	Environmental, Social and Governance
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus of the Company
"Guangcai Investment"	Shenzhen Guangcai Investment Partnership (Limited Partnership) (深圳廣財投資企業（有限合夥）), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group
"Guangsheng Investment"	Shenzhen Guangsheng Investment Partnership (Limited Partnership) (深圳廣生投資企業（有限合夥）), a limited partnership established under the laws of the PRC on November 16, 2016, and a member of our Controlling Shareholders Group
"Guangxie Investment"	Ruichang Guangxie Investment Enterprise (Limited Partnership) (瑞昌廣諧創業投資企業(有限合夥)(formerly known as Shenzhen Guangxie Investment Partnership (Limited Partnership) (深圳廣諧投資企業(有限合夥)), a limited partnership established under the laws of the PRC on November 11, 2016
"H Share(s)"	the Company's ordinary shares, each with a par value of RMB1.00, are traded in Hong Kong dollars as overseas-listed foreign shares and are listed on the Stock Exchange
"H Shareholder(s)"	holder(s) of H Share(s) of the Company

DEFINITIONS

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS Accounting Standards"	IFRS Accounting Standards, which include all International Financial Reporting Standards, International Accounting Standards and interpretations as issued by the International Accounting Standards Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix C3 to the Hong Kong Listing Rules
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the Prospectus being issued in connection with the Global Offering by the Company on March 12, 2026
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"reporting period", "this half-year" or "this period"	half-year period from January 1, 2026, to June 30, 2026
"Securities Law"	the Securities Law of the PRC《中華人民共和國證券法》
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"the Group"	the Company and the subsidiaries
"Year-on-year" or "YOY"	year-on-year
"%"	per cent