LEAD 先導

無錫先導智能裝備股份有限公司

WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.

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

Stock Code: 0470

2026

INTERIM REPORT

CONTENTS

Definitions

"2023 Restricted Share Incentive Scheme"	the 2023 restricted share incentive scheme of the Company as adopted on October 16, 2023
"2024 Restricted Share Incentive Scheme"	the 2024 restricted share incentive scheme of the Company as adopted on October 18, 2024
"2025 Restricted Share Incentive Scheme"	the 2025 restricted share incentive scheme of the Company as adopted on October 16, 2025
"A Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid in Renminbi and are listed for trading on the Shenzhen Stock Exchange and are traded in Renminbi
"Articles of Association" or "Articles"	the currently effective articles of association of the Company
"Beidao Intelligent"	Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司), a subsidiary of the Company
"Board" or "Board of Directors"	the board of directors of the Company
"Corporate Governance Code" or "CG Code"	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this report, excluding Hong Kong, Macau and Taiwan region
"Company" or "Lead Intelligent"	Wuxi Lead Intelligent Equipment Co., Ltd. (無錫先導智能裝備股份有限公司), a company established in the PRC on April 30, 2002, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300450) and the H Shares of which have been listed on the Hong Kong Stock Exchange (stock code: 00470)
"Director(s)"	director(s) of the Company
"Group"	the Company and our subsidiaries
"Guangdao Technology"	Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司), a subsidiary of the Company
"H Share(s)"	overseas listed share(s) in the share capital of the Company with nominal value of RMB1.00 each, which is/are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange

Definitions

"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Lead Technology"	Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司), a subsidiary of the Company
"Listing Date"	February 11, 2026, the date on which H Shares of the Company are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Qingdao Intelligent"	Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司), a subsidiary of the Company
"Restricted Share(s)"	type II restricted share(s) granted under the restricted share incentive schemes, each represents the right to subscribe for one A Share of the Company at the grant price upon vesting
"Reporting Period"	the period from January 1, 2026 to June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)
"treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

Section I Corporate Information

I. Corporate Information

Chinese name	無錫先導智能裝備股份有限公司
Chinese abbreviation	先導智能
English name	WUXI LEAD INTELLIGENT EQUIPMENT CO., LTD.
English abbreviation	WUXI LEAD
Legal representative	Wang Yanqing
Registered address	No. 20 Xinxi Road, Xinwu District, Wuxi City, Jiangsu Province, PRC
Place of Business	No. 18 Xinzhou Road, Xinwu District, Wuxi City, Jiangsu Province, PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website address	www.leadintelligent.com
Email address	lead@leadintelligent.com

II. Share Information

Type of share	Stock exchange for listing	Stock abbreviation	Stock Code
A Share	Shenzhen Stock Exchange	LEAD	300450
H Share	The Stock Exchange of Hong Kong Limited	Wuxi Lead	0470

III. Media for Disclosure of Information

A Share	Newspaper:	Securities Times
	Website:	CNINFO Network (www.cninfo.com.cn)
		Shenzhen Stock Exchange (www.szse.cn)
H Share	Website:	HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk)
		Official website of the Company (www.leadintelligent.com)

IV. Contact Persons and Contact Information

	Secretary of the Board	Securities affairs representative
Name	Yao Yao	Zhu Qi
Contact address	No. 18 Xinzhou Road, Xinwu District, Wuxi City	No. 18 Xinzhou Road, Xinwu District, Wuxi City
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Fax number	0510-81163648	0510-81163648
Email address	lead@leadintelligent.com	lead@leadintelligent.com

V. Other Related Information

Category	Details
Executive Directors	Mr. Wang Yanqing *(Chairman of the Board and general manager)* Mr. Wang Jianxin Mr. You Zhiliang Mr. Wang Lei
Independent non-executive Directors	Ms. Zhang Mingyan Mr. Dai Jianjun Ms. Wong Sze Wing
Strategy Committee	Mr. Wang Yanqing *(Chairperson)* Mr. You Zhiliang Mr. Dai Jianjun
Audit Committee	Ms. Zhang Mingyan *(Chairperson)* Mr. Dai Jianjun Ms. Wong Sze Wing
Nomination Committee	Mr. Dai Jianjun *(Chairperson)* Mr. Wang Yanqing Ms. Zhang Mingyan
Remuneration and Appraisal Committee	Ms. Wong Sze Wing *(Chairperson)* Ms. Zhang Mingyan Mr. Wang Jianxin
Joint Company Secretaries	Dr. Yao Yao Ms. Ho Wing Nga *(fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*
Authorized Representatives	Mr. Wang Yanqing Ms. Ho Wing Nga
Legal Advisors as to Laws of Hong Kong, China	Clifford Chance 27/F, Jardine House, One Connaught Place, Central, Hong Kong
Chinese Mainland Legal Advisor	Allbright Law Offices 9, 11, 12/F, Shanghai Tower, 501 Yincheng Middle Road, Pudong New Area, Shanghai, PRC
Compliance Advisor	Red Solar Securities (International) Limited Unit 2208C, 22F, Wu Chung House, No. 213 Queen's Road East, Wanchai, Hong Kong
Custodian of A Shares	China Securities Depository and Clearing Corporation Limited Shenzhen Branch 25th Floor, Shenzhen Stock Exchange Plaza, No. 2012 Shennan Avenue, Lianhua Street, Futian District, Shenzhen, China
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Section II Management Discussion and Analysis

I. Principal Businesses of the Company During the Reporting Period

(1) Principal Businesses and Products

The Company specializes in the research and development ("**R&D**"), design, production and sales of high-end and non-standard intelligent equipment. With a focus on the integration of "new energy + high-end equipment", the Company is a leading global provider of new energy intelligent manufacturing solutions. Its business portfolio covers areas including lithium-ion battery intelligent equipment, solid-state battery intelligent equipment, photovoltaic (PV) intelligent equipment, 3C, automotive and energy storage intelligent equipment, intelligent logistics systems, hydrogen energy equipment, and laser precision processing equipment, enabling the Company to provide customers with comprehensive smart factory solutions integrating intelligent manufacturing + services.

1. **Lithium-ion battery intelligent equipment:** The Company is committed to building end-to-end solutions for the intelligent manufacturing of lithium-ion batteries. Its product offerings cover intelligent equipment for the entire process, including mixing, coating, rolling, slitting, winding, assembly and chemical composition, and extend into industrial-grade, high-precision inspection by introducing comprehensive solution for cell safety inspections, and self-developing high-quality imaging and processing algorithms, as well as completing the development of high-performance equipment in the fields such as industrial CT, X-ray inspection and visual defect recognition. This achieves full life-cycle equipment support from manufacturing to final product inspection and quality traceability for prismatic and cylindrical power batteries as well as energy storage batteries, thereby fully ensuring consistency and reliability of battery products. In addition, the Company is actively developing new battery technologies, offering customized equipment solutions for emerging battery systems, such as sodium-ion batteries, to empower customers to stay at the forefront of technological innovation. In terms of turnkey solutions, Lead Intelligent leverages its self-developed dome-series intelligent manufacturing platform, LEADACE, to deeply integrate equipment interconnectivity, smart scheduling and digital factory systems. It provides "turnkey" delivery services characterized by rapid deployment, flexible production, and smart operation and maintenance, which effectively enhance production efficiency and operational intelligence, helping clients reduce costs, increase efficiency, and accelerate their transition into the next stage of smart factories.

2. **Solid-state battery intelligent equipment:** With a forward-looking layout in the R&D of key solid-state battery equipment, the Company has launched dry and wet mixing and coating equipment suitable for all-solid-state electrode preparation. It offers ultra-high precision lithium foil preparation systems and high-vacuum R2R lithium plating machines for metallic lithium anode preparation, and offers solid-state composite transfer equipment specifically designed for solid-state electrolyte membrane preparation. Also, tailored to the physical and electrochemical properties of solid-state raw materials, the Company has developed high-speed, high-precision integrated machines for cutting and stacking, as well as large-capacity warm isostatic presses to strengthen interfacial bonding. In terms of turnkey solutions, the Company offers customized turnkey solutions for all-solid-state batteries that cover material preparation, electrode processing, cell assembly, and high-pressure formation and capacity grading. By integrating smart inspection and closed-loop control technologies, these solutions support flexible manufacturing for multiple product varieties to help customers accelerate the pilot testing and industrial commercialization of solid-state batteries and enable them to possess leading technical reserves and engineering capabilities.

3. **PV intelligent equipment:** The Company provides manufacturing equipment and turnkey solutions for both PV modules and PV cells. For PV modules, smart equipment includes BC/0BB/SMBB stringers, BC full-screen stringers, multi-segment stringers, integrated laser scribing equipment, tab welding equipment, complete busbar welding equipment, as well as module turnkey solutions. For PV cells, smart equipment includes equipment for screen printing, sintering and testing/sorting processes, wet process equipment for texturing, alkaline polishing, cleaning and BSG/PSG removal, as well as turnkey solutions for PV cells across various fields, including TOPCon, HJT, XBC and perovskite.

4. **3C, automotive and energy storage intelligent equipment:** Leveraging its self-developed 3D+AI vision algorithms, precision fluid technology and integrated testing technology, Lead Technology, a subsidiary of the Company, empowers innovation in the consumer electronics, intelligent automotive and digital energy industries by providing end-to-end intelligent equipment solutions. (1) Consumer electronics: its offerings include equipment for visual measurement, AI defect detection, five-axis high-speed dispensing, 3D inkjet printing, high-flow sealing, imaging testing, electrical testing, reliability testing and 3D assembly. (2) Intelligent automotive: its offerings include intelligent equipment solutions for the entire manufacturing process focusing on Pack & CTP, intelligent electric powertrains, smart cockpits, body and chassis systems and intelligent driving. (3) Digital energy: its offerings include equipment and supporting solutions for energy storage containers, inverters and ultra-fast charging stations.

5. **Intelligent logistics systems:** With a core focus on "flexible manufacturing" and "smart manufacturing", Beidao Intelligent, a subsidiary of the Company, helps customers resolve various challenges in warehousing and production logistics management by improving storage and transfer efficiency and enabling digital and intelligent operations. It provides one-stop turnkey logistics solutions that encompass consulting, design, planning, manufacturing, installation, commissioning and upgrade services, etc. These include intelligent warehousing solution, production logistics solution, distribution center solution, and digital intelligence solution. Principal products: (1) Intelligent warehousing equipment includes: stackers, shuttle vehicles, OHT, etc. (2) Production conveyor equipment includes: belt/roller conveyor systems, high-speed circulating elevators, etc. (3) Intelligent handling equipment includes: cantilever AGVs, double-fork transfer AGVs for roll, narrow-aisle forklift AGVs, latent lift AGVs, etc. (4) Palletizing and sorting equipment includes: 4-axis and 6-axis robotic arms, gantry robots, etc. (5) Digital and intelligent software products include: intelligent warehouse management system (WMS), intelligent warehouse control system (WCS), intelligent logistics execution system (LES), intelligent flexible manufacturing system (FMS), AGV control system (ACS), digital twin system, etc.

6. **Hydrogen energy equipment:** Qingdao Intelligent, a subsidiary of the Company, focuses on key technologies such as electrolyzers and fuel cells, and systematically advances the equipment adoption for core processes such as slurry coating, packaging, stacking and assembly, and high-precision testing. With a comprehensive understanding of the entire process chain from materials, processes and components to complete systems, the company has established significant technical advantages in precision control, production consistency and scalability, and thus is able to provide customers with professional equipment solutions that meet high efficiency and reliability requirements. As the global hydrogen energy industry transitions from the validation stage to commercialization, Qingdao Intelligent offers a complete delivery framework encompassing from process demonstration and laboratory lines to pilot trial and mass production lines, which helps customers efficiently advance product development, performance validation and large-scale manufacturing, thereby significantly reducing production costs and improving yields.

7. **Laser precision processing equipment:** Guangdao Technology, a subsidiary of the Company, has specialized in the "precision" sector for 20 years. With its deep integration of laser technology, it has established a comprehensive presence across the entire laser industry chain. Leveraging robust visual algorithms and software R&D capabilities, it provides customers with complete equipment and holistic solutions. Currently, centered on high-precision CNC systems, the company offers precision micro-processing, measurement and automated intelligent workshop solutions for related industries in the fields of semiconductor, PCB and advanced display. Semiconductors: its offerings cover semiconductor FE-BE processes, laser stealth dicing, marking, notching, and special applications such as 3D TSV/TGV. Consumer electronics: it offers comprehensive laser solutions for consumer electronics, covering traditional PCB/FPC and 3C fields. Advanced displays: it offers new laser solutions applied to LCD, OLED and Micro LED.

(2) Operating Model

The Company's products are specialized automation equipment, which vary significantly among products and require personalized design and customization tailored to specific customer requirements. The operating model of the Company is heavily influenced by the industries in which its downstream customers operate. Taking customer needs as its core, the Company has developed R&D, procurement, production and sales models in response to customer needs. The Company manages business activities including R&D, procurement, production and sales through an IT platform. By building a comprehensive digital management platform on top of its self-developed information management software, the Company continuously enhances its operational efficiency and product quality.

1. R&D model

The specialized automation equipment manufacturing industry is highly interconnected and closely tied to the development of downstream industries. Before initiating any R&D efforts, the Company first establishes a close partnership with its downstream customer, and conducts in-depth inspections of its production environment to fully understand its manufacturing processes and the technical parameters and automation requirements of related production equipment. Once the customer's needs are identified, the Company forms a dedicated project team to handle tasks from project initiation, project management, R&D, design, testing to process development. It assigns responsibilities to each team member, and outlines the specific requirements and key points for each stage to progressively carry out the R&D work. The project team holds regular meetings for in-depth discussions on issues encountered during the R&D process and to propose improvement measures and suggestions. During the final prototype trial production, team members perform targeted inspections on the implementation of each stage as required. Once the prototype meets all user specifications, the team compiles a summary of the issues encountered during the R&D process with the measures taken to address them to accumulate experience for subsequent project development.

2. Procurement model

To ensure timely procurement while keeping inventory levels in check, the Company procures materials in batches based on its production schedules, and a rigorous procurement management system has been established accordingly. For core components that have a significant impact on its product quality, the Company regularly maintains an approved brand catalog and conducts procurement either directly purchasing from the manufacturers or through agents, depending on the supply method of these brands. The core component suppliers of the Company are typically renowned domestic and international enterprises, ensuring the suppliers for core components to be relatively stable.

3. *Production model*

The Company's principal products are specialized automation equipment, which vary significantly among products and require personalized design and customization tailored to specific customer requirements. As such, this requires the Company to adopt a make-to-order production management model for manufacturing. Once the sales department secures an order or supply contract from a customer, it issues a production schedule to the production department based on the contract requirements. The production department then collaborates with the R&D department to map out a production timeline in accordance with the contract terms and the capacities of each workshop, and delegates the tasks accordingly. To reduce production costs, the Company consistently pushes for product standardization by increasing the standardization level of equipment on the basis of fulfilling customized customer needs, i.e. evolving towards a design where the equipment manufactured by the Company integrates "standard components" with "custom non-standard components". For some equipment with high market demand, the Company appropriately increases the material input for the production of standard components upon receipt of customer orders. This allows for the mass production of standard components, which not only lowers procurement costs and production costs but also boosts the Company's production efficiency and enables faster delivery to customers.

4. *Sales model*

The sales model of the Company relies primarily on a direct-to-order model. The equipment manufactured by the Company is applied to the production of lithium-ion batteries, PV cells and modules, new energy vehicles (NEVs) and fuel cells, as well as industrial intelligence fields such as visual measurement and general assembly for consumer electronics products. Given the highly specialized nature of its equipment, the Company has built a strong reputation across downstream industries and secures orders primarily through direct customer engagement. In addition, the Company also actively participates in both domestic and international professional exhibitions to expand its customer base. The Company has established a sales department responsible for engaging with customers, developing sales strategies, tracking customer dynamics, and identifying further customer needs.

(3) Market Position

Since its inception, Lead Intelligent has remained dedicated to the high-end equipment manufacturing sector. Through continuous dedication and technological breakthroughs, the Company has now evolved into a leading global provider of new energy intelligent manufacturing solutions. It even stands as a provider of lithium-ion battery turnkey solutions in the world that possesses full and independent intellectual property rights. With an industry-leading operational scope, the Company operates across multiple key sectors, including lithium-ion battery intelligent equipment, solid-state battery intelligent equipment, PV intelligent equipment, 3C, automotive and energy storage intelligent equipment, intelligent logistics systems, hydrogen energy equipment, and laser precision processing equipment. Its products are exported to over 20 countries and regions. Backed by exceptional technical expertise and superior service quality, the Company has become a preferred partner for core equipment and customized solutions for top-tier global corporations such as CATL, BMW, Tesla and LG. In the first half of 2026, driven by its industry-leading technological foundation and robust momentum for R&D innovation, the Company was awarded a number of prestigious honors, including the "2026 Pioneer Award for Solid-State Battery Industrialization", "Leadership Award of Global Smart Energy Award", "First in the Comprehensive Competitiveness Ranking for Lithium Battery Equipment Enterprises in China" and "2026 INTERBATTERY AWARDS".

(4) Situation of the Industry in Which the Company Operated During the Reporting Period

The Company specializes in the R&D, design, production and sales of high-end and non-standard intelligent equipment. The industry in which it operates is the intelligent equipment manufacturing industry, with principal activities in equipment manufacturing for sectors including lithium-ion batteries, PV, 3C and hydrogen energy. In accordance with the Guidelines on Industry Classification of Listed Companies issued by the China Securities Regulatory Commission (the "CSRC") in October 2012, the Company is classified under "C35 Special Equipment Manufacturing Industry".

(I) Lithium-ion Battery Equipment Industry

In the first half of 2026, the global lithium-ion battery industry sustained strong growth momentum, with demand patterns characterized by continued expansion of power batteries, explosive growth in energy storage, and accelerating industrialization of new technologies. These three major engines collectively constituted the core growth driver of the lithium-ion battery equipment industry. The demands for capacity expansion and technological transformation from downstream battery manufacturers continued to be released, keeping the overall capacity utilization rate at a high level across the industry.

1. Continued growth in the power battery market, with rising equipment demand driven by the dual increases in EV penetration rate and battery capacity per vehicle

   The global NEV industry experienced steady growth, with synergy across domestic and international markets driving a continuous rise in electrification penetration rates, establishing a solid demand foundation for the power battery and lithium-ion battery equipment industries. According to SNE Research, global NEV sales reached 9.742 million units in the first half of 2026, representing a year-on-year increase of 3.6%. In particular, sales in emerging overseas markets reached 1.086 million units, representing a substantial year-on-year increase of 91.2%, making a notable contribution to incremental growth. By region, electrification in Europe accelerated. In the first half of the year, sales of new energy passenger vehicles reached 2.351 million units, representing a year-on-year increase of 31.7%, with a penetration rate of 32.5%. In terms of the domestic market, it experienced steady expansion. According to CAAM, domestic NEV sales reached 5.090 million units in the first half of the year, with a penetration rate of 55.4% in passenger vehicles, while sales of new energy commercial vehicles reached 496,000 units, representing a year-on-year increase of 40.2%, driving up the penetration rate to 30.4%.

   Industry demand was propelled by the dual engines of "sales growth + increase in battery capacity per vehicle", contributing to a continuous expansion in battery cell demand. With the growing adoption of high-end long-range vehicle models and the intelligent upgrade of vehicles, the battery capacity per NEV increased steadily. According to statistics from the China Automotive Battery Innovation Alliance (CABIA), the average battery capacity per NEV in China was 69.1 kWh in the first half of 2026, representing a substantial year-on-year increase of 34.2%, thus significantly expanding the overall demand for power batteries.

New energy heavy-duty trucks emerged as a key growth driver for lithium-ion battery demand, significantly enhancing the installed capacity elasticity of the industry. According to EV Tank, domestic sales of new energy heavy-duty trucks reached 126,200 units in the first half of 2026, representing a year-on-year increase of 84.98%, with the monthly penetration rate in June climbing to 44.75%. The battery capacity per heavy-duty truck was far higher than that of passenger vehicles, making a notable contribution to installed capacity. In 2025, the installed capacity of lithium-ion batteries for electric heavy-duty trucks in China reached 96.7 GWh, representing a year-on-year increase of 188.9%. Combined with China's clear 2030 development target for heavy-duty truck electrification, the industry enjoyed a high degree of growth visibility over the medium to long term, sustaining the growth of demand for lithium battery equipment dedicated to heavy-duty trucks.

Strong end-market momentum continued to ripple up the industrial chain, driving steady growth in power battery installations across both domestic and overseas markets. According to SNE Research, global power battery installed capacity reached 558.1 GWh in the first half of 2026, representing a year-on-year increase of 17.2%, reflecting the continuous improvement in overseas demand. According to CABIA, domestic power battery installed capacity reached 335.6 GWh in the first half of the year, representing a year-on-year increase of 12.0%. With downstream battery manufacturers operating at tight capacity, they were pushing ahead with the construction of new production lines and the intelligent transformation of existing ones, directly contributing to the steady release of orders for turnkey lithium-ion battery equipment solutions. In the medium to long term, as global electrification penetration rates continue to rise, industry resources will further concentrate towards leading lithium-ion battery equipment enterprises that possess key technologies and advantages in turnkey delivery.

2. Industry growth led by energy storage, with rising equipment demand generated from multi-scenario momentum at home and abroad

   Energy storage has now emerged as the primary growth engine of the lithium-ion battery industry chain. Driven by numerous essential demands, including energy transition, grid peak shaving, and AI computing infrastructure, the industry has entered a stage of scaled expansion empowered by both policy and market forces.

China's supporting policy system for energy storage continues to improve, with relevant planning that set a development target of 300 GW in installed capacity for new energy storage by 2030. As market-based mechanisms such as mandatory storage allocation, peak-valley tariff spreads, and capacity compensation take effect, demand from large-scale bases and commercial & industrial (C&I) energy storage continues to be released. According to statistics from the China Energy Storage Alliance (CNESA), as of the end of June 2026, the total installed capacity of power storage in China reached 237.2 GW, representing a year-on-year increase of 41.4%. In particular, new energy storage accounted for 168.2 GW, with newly installed capacity of 21.64 GW/58.20 GWh in the first half of the year; while lithium-ion batteries accounted for over 95% of installed capacity in new energy storage, demonstrating a distinct technological advantage. Cell demand continued to grow. According to SMM, global shipments of energy storage cells reached approximately 486 GWh in the first half of 2026, representing a year-on-year increase of 93%. This strong downstream demand for cell capacity expansion, in turn, directly accelerated order placement for turnkey energy storage equipment solutions.

Overseas energy storage markets experienced multi-regional growth with substantial room for expansion. Together with the emergence of new scenarios for AI computing power applications, these factors added further momentum to the industry's growth. Europe continued to implement medium- and long-term supportive policies for energy storage, accelerating the development of regional energy storage projects, while Australia, the Middle East, and Southeast Asia continued to release fundamental demand for energy storage through new energy development and power grid upgrade and renovation. At the same time, the rapid development of the AI industry around the world contributed to the large-scale development of AIDC data centers. As the heavy power loads of computing centers placed extremely high demands on power supply stability, energy storage became an essential component of computing infrastructure, opening up an entirely new growth curve for the industry. Overall, the overseas market transitioned from being driven solely by policy to a dual-driver model powered by policy support and fundamental demand for computing power, which resulted in a surge in demand for turnkey production lines for large-capacity energy storage cells and integrated assembly equipment, continuously expanding the incremental growth of the energy storage equipment industry.

3. Accelerating industrialization of solid-state and sodium-ion batteries, with medium- to long-term equipment growth potential opened up by cutting-edge technologies

   The year 2026 marks a critical period for the industrialization of solid-state batteries. Leading battery manufacturers and automakers concentrated their investments in the development of pilot lines and GWh-scale trial production lines, driving rapid surges in demand for specialized process equipment such as dry coating and warm isostatic pressing. With superior safety and high energy density, solid-state batteries emerged as a strong fit for diverse scenarios including NEVs and intelligent equipment, giving them a highly visible growth profile. According to the latest estimates from GGII, global shipments of solid-state and semi-solid-state batteries are expected to reach 34 GWh in 2026, representing a year-on-year increase of 180%. As the industry continues to scale up capacity, equipment demand is being released, with a CAGR rising to 68% between 2024 and 2027.

   The commercialization of sodium-ion batteries accelerated in tandem. Supported by inherent low material costs and outstanding low-temperature performance, sodium-ion batteries were widely used in low-speed vehicles, energy storage, backup power supplies, etc. In particular, energy storage emerged as the largest application scenario for sodium-ion batteries. In 2026, major battery manufacturers rolled out sodium-ion battery energy storage products in quick succession, significantly accelerating the pace of order placements for sodium-ion batteries in the energy storage sector. According to SPIR, global shipments of sodium-ion batteries reached 9 GWh in 2025, representing a year-on-year increase of 150%, with market size projected to soar to 1,051 GWh by 2030.

4. Ongoing recovery in the consumer lithium-ion battery sector generating incremental demand for lithium-ion battery equipment

   Supported by a rebound in core 3C end-markets and the volume growth of new AI devices, the consumer lithium-ion battery market experienced a structural recovery. Replacement cycles in existing smartphones and laptops, combined with the penetration of high-end foldable models, fueled demand for ultra-thin, high-density lithium-ion battery equipment. The rapid adoption of AIPC, AR/VR, wearables, and intelligent medical devices created demand for miniaturized and customized battery production lines. It is estimated that the global shipments of consumer lithium-ion batteries will increase from 157.9 GWh in 2025 to 299.5 GWh in 2029, with a CAGR of 17.4%, providing sustainable and stable incremental growth for the lithium-ion battery equipment business.

Overall, the demand dynamics of the lithium-ion battery equipment industry presented a clear structure in the first half of 2026: power batteries constituted the fundamentals of demand; energy storage served as the main source of incremental growth for the period; and new technologies such as solid-state and sodium-ion batteries opened up medium- to long-term growth potential. Combined with the growing demand for intelligent and high-precision transformation of production lines across the industry, the industry as a whole maintained strong momentum. Equipment manufacturers possessing cross-segment turnkey delivery capabilities and R&D strength in advanced process will be poised to widen their competitive advantages.

(II) PV Equipment Industry

In 2026, the PV industry was still in an adjustment cycle of transitioning from scale expansion to high-quality development. While the industry's long-term growth fundamentals remained solid, the near-term picture was marked by structural optimization. Global dual-carbon policies continued to take effect, resulting in the emergence of new EU energy storage regulations, new energy roadmaps across the Middle East and Southeast Asia, and China's wind-solar mega-bases and C&I distributed projects, all of which constituted the fundamental demand in the industry. Meanwhile, emerging scenarios such as green power infrastructure for AI computing centers, PV-storage integration, and building-integrated photovoltaics (BIPV) continued to expand, providing sustainable support for steady growth in global PV installations over the medium to long term.

Earlier concentrated capacity expansion across the industrial chain triggered a temporary supply-demand mismatch, leaving the industry operating at a relatively low utilization rate. Product prices remained under pressure, and SMEs found themselves under increasing operational pressure, leading to a temporary slowdown in the growth of newly installed capacity in China. The industry had entered a critical phase of survival of the fittest, quality improvement and upgrading. On June 27, 2026, the Minimum Allowable Values of Energy Efficiency and Energy Efficiency Grades for Crystalline Silicon PV Modules and Inverters (《晶體硅光伏組件和逆變器能效限定值及能效等級》), a mandatory standard set to take effect on January 1, 2027, was issued. As China implemented the mandatory national standard regulating PV energy consumption and performance, industry access thresholds had been raised, accelerating the elimination of energy-intensive and low-efficiency capacity and speeding up the M&A and consolidation activities across the industry. High-quality capacity and market orders were increasingly flowing to leading enterprises with advantages in technology, cost and global presence, driving continuous improvement in the competitive landscape of the industry.

Technological innovation served as the core driving force for the PV industry to navigate cyclical fluctuations. The rapid rollout of various high-efficiency cell technologies continued to drive the replacement and innovation of PV production equipment and capacity upgrades. As N-type cell technology had achieved mass adoption, the conversion efficiency of TOPCon cells continued to grow, and mass production performance across the industry continued to improve. The industrialization progress of BC cells exceeded expectations. According to the 2026 Global PV Cell Capacity Tracking Report (June) (《2026 全球光伏電池產能追蹤報告(6 月)》) issued by TrendForce, the industry's installed capacity exceeded 110 GW as of June 2026, with capacity expected to reach 133 GW by the end of 2026. At the same time, P-type HJT technology emerged as a strong fit for space-based PV applications, catering to the future demand for new PV infrastructure. The pace of industrialization for perovskite technology accelerated significantly, with 100 MW-scale pilot lines operating at a mature level. In 2026, multiple GW-scale production lines are going to be put into operation in phases, marking the industry's transition from MW-scale to GW-scale manufacturing. It is expected that the global annual mass production size of perovskite modules may reach 15-20 GW in 2026. Overall, the continued penetration of new high-efficiency cell technologies will sustain the release of substantial demand for production line transformation and new capacity expansion, bringing sustainable growth potential to the PV equipment industry.

China's supporting policies for the industry continued to improve. In 2026, the "15th Five-Year" Plan for the Development of a New Energy System (《新型能源體系建設"十五五"規劃》) and the "15th Five-Year" Plan for Renewable Energy Development (《可再生能源發展"十五五"規劃》) were successively issued by the National Development and Reform Commission and the National Energy Administration, which clarified grid-connection standards for integrated PV-storage systems and improved the operational mechanism for shared energy storage, effectively alleviating the pressure of PV consumption and further unlocking growth potential for C&I PV. Meanwhile, space-based PV was included in China's top-level energy planning for the first time, which explicitly called for advancing key technology R&D and engineering verification for space-based solar power, thereby creating incremental growth potential for the industry's long-term innovation and development.

(III) 3C Equipment Industry

In 2026, the 3C equipment industry entered a structural upcycle. Industry growth was driven by three major factors: the recovery of consumer electronics, the mass production and penetration of AI hardware, and the cross-sector impetus from intelligent automotive. Against the backdrop of steady demand expansion and ongoing structural improvement across the industry, high-precision, intelligent and flexible equipment accounted for an increasing proportion of procurement.

In the consumer electronics end-market, AI innovation hardware such as AI smartphones, AIPC, foldable screens, and AR smart glasses achieved rapid volume growth, emerging as the primary driver of equipment demand. According to IDC's prediction, the global penetration rate of AIPC may exceed 55%, and global shipments of AI glasses are expected to increase by 56.3% year on year in 2026. Combined with the implementation of domestic consumer trade-in policies, end-brand vendors launched a new round of mass production for new models and intelligent transformation of production lines, triggering a concentrated replacement demand for 3C equipment such as lamination, inspection, and assembly.

Intelligent automotive emerged as a second growth curve for the 3C equipment industry. Demand for precision processing and visual inspection of in-vehicle central control screens, cockpit sensors, and precision structural components continued to rise. Capitalizing on their technological commonalities in precision processing and automated assembly, domestic 3C equipment manufacturers entered the automotive supply chain at scale. The fundamental requirements of automakers for micron-level precision and ultra-high yield rates forced downstream production lines to upgrade towards high automation, flexible production, and AI-enabled visual inspection, which will further consolidate the competitive advantages of leading equipment manufacturers with customized R&D capabilities.

According to the estimates from Fortune Business Insights, the global consumer electronics market is projected to grow from US$922.66 billion in 2026 to US$1,756.39 billion in 2034, with a CAGR of 8.38% over the period. The continuous expansion of innovative devices in the downstream market, combined with intelligent technological transformation of existing production lines and new line construction for new AI products, creates demand for equipment replacement and acquisition.

(IV) Hydrogen Energy Equipment Industry

The global hydrogen energy industry has entered a stage of rapid development characterized by a combination of policy drivers and commercialization. Major domestic and overseas economies continue to ramp up their industrial positioning, effectively increasing the demand for turnkey hydrogen energy equipment solutions such as electrolyzer, hydrogenation equipment, storage and transportation equipment and solid oxide fuel cells (SOFC). The industry has a clear growth pattern in the medium to long term. At the overseas level, the European Union and the United States have successively rolled out special supportive policies for hydrogen energy with a development goal of 10 million tonnes of annual clean hydrogen production by 2030, and the pace of large-scale development for the global hydrogen energy industry continues to accelerate. At the domestic level, hydrogen energy has been included as a major future industry to be developed under the “15th Five-Year Plan”, officially establishing it as a new economic growth driver. The top-level planning continues to consolidate the certainty of the industry’s development.

The domestic policy framework is constantly refined by clear quantitative goals. The “15th Five-Year Plan” for New Energy System Construction has clarified that the domestic annual hydrogen production from renewable energy will reach 2 million tonnes by 2030, listed high-temperature electrolysis equipment for SOFC and solid oxide electrolysis cell (SOEC) as core equipment for industry chain breakthroughs, and focused on the application scenarios for electro-hydrogen coupling. In March 2026, a number of departments jointly launched a pilot program on the comprehensive application of hydrogen energy. It aimed to stimulate industry implementation with special rewards and subsidies for city clusters of up to RMB1.6 billion, in addition to setting quantitative goals such as the average end market price of hydrogen by 2030 and doubling the number of existing fuel cell vehicles, so as to comprehensively speed up the commercialization of the hydrogen energy industry.

Section II Management Discussion and Analysis

Propelled by a combination of continued policy empowerment, decreasing preparation cost for green hydrogen and the technological iteration of core equipment, the domestic hydrogen energy industry has moved quickly from the demonstration stage to the stage of large-scale commercial application, and enthusiasm for investment continues to rise. Investment in the industry has increased significantly. According to the National Energy Administration (NEA), in the first half of 2026, investments in key domestic hydrogen energy projects rose by over 160% year on year, leading the new energy sub-sectors. On the supply side, the green hydrogen production capacity expanded rapidly. As disclosed by NEA, the established green hydrogen production capacity exceeded 250,000 tonnes per year as of the end of 2025, doubling year on year. The sum of installed capacity and capacity under construction for hydrogen production from renewable energy exceeded 1 million tonnes per year as of June 2026. The ongoing boom in capacity expansion for upstream hydrogen production drove the released of demand for electrolyzer equipment.

On the demand side, the application scenarios for hydrogen energy continued to expand, forming a multi-sector synergistic landscape that included transport, industry and stationary power generation. The traditional application area steadily matured as green hydrogen gradually replaced chemical raw materials, assisting the metallurgical industry in decarbonization and peak shaving in the grid. In the transport area, sales for fuel cell heavy trucks and logistics vehicles continued to grow, while domestic hydrogen refueling infrastructure and the existing number of fuel cell vehicles steadily increased, driving the iteration demand for the ancillary equipment of hydrogen refueling and automotive battery. Breakthroughs were made in the emerging area. By virtue of the core advantages of exceptionally high overall energy efficiency, multi-fuel compatibility and strong power supply stability, SOFC precisely matched the distributed energy supply demand for new scenarios such as AI computing power centers and zero-carbon parks, which opened up a new incremental market. In 2026, a large number of domestic and overseas SOFC demonstration projects will be launched, and the domestic newly installed capacity for the year is expected to exceed 280MW, which continues to drive rapid growth in the demand for specialized equipment such as SOFC stack preparation and system integration.

Overall, the expansion of upstream green hydrogen capacity, the improvement of midstream infrastructure, and the explosive growth of downstream new SOFC scenarios have collectively driven the boom in the hydrogen energy equipment industry. The demand for water electrolysis hydrogen production equipment, turnkey hydrogenation equipment solutions, hydrogen storage equipment, and production line for SOFC stacks is continuously released. For leading equipment enterprises capable of turnkey delivery and independent core technology development, it is expected that their competitive advantages in the industry and their market share will continue to grow.

II. Analysis of Core Competitiveness

The Company's core competitiveness lies in the deep synergy and organic integration of six major dimensions, which together form a systematic and sustainable comprehensive advantage. The details are as follows:

(1) Global Service Capabilities Establish a Solid Global Market Foundation

As a pioneer in the globalization of China's new energy intelligent equipment sector, the Company launched its globalization strategy in 2018. It has established 20 overseas branches and subsidiaries across 17 countries and regions. In Europe, the Company has simultaneously set up a technical competence center, a delivery center and a central logistics warehouse, creating an integrated operation system for "global R&D, global delivery and global service". Relying on its systematic global service network, the Company achieves synchronous response for domestic and overseas clients, and localized delivery and operation.

Leveraging its leading technological capabilities and an efficient global supply chain network, the Company has established long-term stable strategic partnerships with globally leading automakers and battery manufacturers such as Volkswagen, BMW, Toyota, Tesla, Porsche, LG and SK. It has established a number of industry-leading production lines that earn a high degree of recognition from global customers. Meanwhile, amid the wave of domestic new energy industry chains expanding abroad, the Company has leveraged the advantage of its strong ties with leading domestic customers to become a partner for core equipment in their overseas capacity expansion. This has continued to solidify its first-mover advantage and industry leadership in international markets.

(2) Diversified Platform Layout Expands Room for Long-term Growth

The Company has focused on the main sector of intelligent equipment for years, accumulating extensive experience in foundational core technologies such as high-speed automation, digital control and precision processing. The foundational technologies can be transferred across industries and replicated quickly, allowing efficient breakthroughs of equipment R&D bottlenecks across various sub-sectors.

Meanwhile, the Company has established a multi-business synergistic platform covering R&D, supply chain and delivery service. On the R&D end, foundational, pioneering and common technologies are universally shared. An allocation mechanism of technical resources between segments is established to accelerate the implementation of technical achievements across fields. On the supply chain end, full-chain collaboration on planning, procurement, production, quality management and on-site commissioning for multi-category products is achieved, which has realized cost reductions at scale and efficient delivery. On the service end, a uniform and standardized service process and delivery system is established. Service resources are shared globally, which continues to enhance the customer service experience across industries. Leveraging its platform layout, the Company can continuously capture development opportunities in various sectors, establish diversified growth curves and smooth out the risk of cyclical fluctuations in any single industry.

(3) Industry-Leading Proprietary Technologies Build Strong Core Barriers

The Company is committed to the dual drive of independent R&D innovation and production. It possesses multiple high-level R&D platforms, including a National Enterprise Technology Center, a National Postdoctoral Research Station and the Jiangsu Provincial Lithium-ion Battery Equipment Engineering Center. It has been recognized as a Key High-Tech Enterprise of the National Torch Program, a Single Champion Product Enterprise, a Benchmark Factory for the Industrial Internet in Jiangsu Province, and a National Technological Innovation Demonstration Enterprise as designated by the Ministry of Industry and Information Technology (MIIT).

The Company maintains a consistently high level of R&D investment, with average annual R&D expenditure accounting for more than 10% of its revenue. It has assembled an experienced R&D team, which establishes significant advantages in the core technologies, key processes and system integration of intelligent equipment. During the Reporting Period, the Company and its wholly-owned subsidiaries were granted a total of 258 patents, including 56 invention patents, 189 utility model patents and 13 design patents. As of the end of the Reporting Period, the Company and its wholly-owned subsidiaries were granted a total of 3,798 nationally authorized patents. With years of practical experience, the Company has conquered numerous key core technologies in fields such as intelligent lithium-ion battery equipment, and has built strong core technical barriers, emerging as a turnkey solution provider for lithium-ion batteries with fully independent intellectual property rights.

(4) AI-Powered Data-Driven Capabilities Forge Core Advantages in Systematic Intelligent Manufacturing and Flexible Production

Centered on the needs of its customers across their entire lifecycle, the Company has established a highly flexible R&D and production system underpinned by an AI-driven data framework, which enables the customization of proprietary intelligent production line solutions tailored to the capacity planning, product processes and site conditions of its customers, covering the planning, design and iterative optimization for the entire process from battery R&D and pilot testing to mass production.

Leveraging its self-developed digital foundation, the Company has built a modular and flexible R&D architecture. By integrating AI algorithms and real-time industrial big data analytics on production conditions and process parameters, it enables rapid adaptation, flexible retrofitting and swift upgrades of production lines, thus significantly shortening product changeover and commissioning cycles. With its systematic intelligent manufacturing capabilities, complemented by its PHM fault prediction, PQM quality management and PEM production execution digital systems, the Company achieves end-to-end production data acquisition, intelligent analysis and automated optimization, and enables dynamic regulation of equipment operation, material flow and process parameters, thereby empowering customers to make nimble responses to product iterations and shifts in market demand, while consistently lowering manufacturing costs, enhancing overall production efficiency, and ensuring long-term stable and sustainable operations of production lines.

(5) Flat Digital Management System Continuously Unleashes Organizational Operational Efficiency

The Company maintains a stable management team. Built upon a business unit model, the Company has established a flat and efficient operational structure that facilitates seamless collaboration across business segments and functional departments, substantially reducing internal communication costs and accelerating business responsiveness. Adhering to its core values of being "customer-centric, hardworking, honest and pragmatic, selflessly accountable, comprehensively innovative, focused, striving for perfection, reputation-driven, and fast", the Company has cultivated a young, professional and multidisciplinary talent pipeline, distinguished by strong organizational execution and innovation capabilities.

Underpinned by its digital information system, the Company continues to iterate its integrated digital platforms spanning internal management, R&D, supply chain and global services, which interconnect the data links among domestic and overseas branches and subsidiaries, production bases and global service outlets, and enable unified global service dispatch, coordinated flexible production resources, AI-driven data-informed decision-making and systematic intelligent manufacturing control across the entire process, thereby fully unlocking organizational management efficiency, while providing a solid organizational and digital foundation for global business expansion and the simultaneous development of multiple business verticals.

III. Analysis of Principal Businesses

In the first half of 2026, the global power battery market recovered continuously, and demand for energy storage grew strongly. In addition, the concentrated release of computing power demand from AIDC, etc. led to the boom of the new energy industry boom, where capacity utilization remained at a relatively high level, and the pace of industry expansion and acceptance accelerated. Meanwhile, with the incremental demand brought by solid-state batteries and sodium batteries, during the Reporting Period, the Company maintained ample order backlog and achieved rapid growth in newly signed orders.

In terms of operating performance, in the first half of 2026, the Company generated operating revenue of RMB8,189 million, representing a year-on-year increase of 23.88%; and generated net profit attributable to shareholders of the Company of RMB956 million, representing a year-on-year increase of 29.15%, both marking a continuous increase in growth rate as compared to the previous period. In terms of cash flow, the Company recorded net cash flow from operating activities of RMB4,085 million in the first half of the year, representing a significant year-on-year increase of 73.57%, with a marked improvement in downstream collection efficiency. In terms of globalization, the Company continued to deepen its localized operational capabilities overseas, achieving rapid growth against the headwinds of a complex international economic and trade environment. During the Reporting Period, the Company's operating revenue from overseas business amounted to RMB2,440 million, representing a year-on-year increase of 111.39%, and its revenue share increased to 29.80%. As overseas production capacity, service networks and customer systems continued to improve, the global operations of the Company transitioned from scale expansion to a new stage of high-quality, systematic and localized development, with its core competitiveness in the global market continuing to strengthen. Meanwhile, in the face of external challenges such as macroeconomic volatility, inflation and raw material price fluctuations, the Company proactively coordinated its business arrangements and continued to implement refined cost controls. By virtue of an optimized revenue structure, improved operational efficiency and the release of economies of scale, the overall net profit margin of the Company further increased to 11.32% in the first half of the year, showing a sustained positive trend in profitability.

In terms of business structure, the principal businesses of the Company grew rapidly, while new business segments accelerated expansion in scale. In particular, the lithium-ion battery intelligent equipment business generated revenue of RMB6,121 million, representing a year-on-year increase of 34.66%, which continued to consolidate the industry-leading advantage and further strengthened the core competitiveness. The intelligent logistics business generated revenue of RMB1,158 million, representing a significant year-on-year increase of 172.14%, and its revenue share increased to 14.14%. The parts and services business generated revenue of RMB607 million, representing a year-on-year increase of 56.66%, with its revenue share of 7.41%, reflecting the continuous improvement in the integrated service capabilities of the Company. In terms of segments outside lithium-ion battery operations achieved rapid breakthroughs, contributing to the sustained optimization of the business structure, with a year-on-year increase of 40.67% in revenue from 3C intelligent equipment. Meanwhile, leveraging its universal core technology platform, the Company kept pace with the rapid development wave of the global AI computing power industry by making forward-looking deployments in the high-end manufacturing segment associated with computing power infrastructure to precisely capture the structural incremental opportunities in AI servers and high-end electronic components. The Company continued to apply its technological know-how and drive industrialization in emerging high-end manufacturing segments such as humanoid robotics, SOFC and MLCC, to further diversify its business portfolio and optimize its medium- and long-term revenue structure, while continuously strengthening its diversified business moat for ongoing enhancement of its long-term resilience and growth potential.

During the Reporting Period, committed to a dual focus on independent innovation and process development as always, the Company continued to increase its R&D investments. It focused on the core segment in high-end new energy equipment. The Company continued to explore technologies in cutting-edge fields such as solid-state batteries, sodium-ion batteries, large-scale energy storage, solid oxide fuel cells (SOFC) and industrial humanoid robots, and continuously optimized technologies across the entire industry chain. In addition, the Company strengthened its core technical barriers, accelerated the implementation of cutting-edge technology industrialization, and continued to enhance the Company's leadership in high-end equipment industry.

(1) Solid-state battery equipment sector

The year 2026 marked a crucial starting year for making breakthroughs in solid-state battery industrialization, with industry mass production continuing to accelerate. Leveraging on its fully independent intellectual property, the Company has established turnkey solutions covering the entire process of all-solid-state battery mass production, achieving whole-process integration and full coverage of key equipment for core process steps.

During the Reporting Period, the Company focused on the continuous technology iteration of core production process for solid-state batteries, as well as optimization of equipment for mass production. It introduced various standard core equipment suitable for mass production, thus fully satisfying the demands of industry mass production. The technical upgrade for dry-coating equipment completed. With millisecond-level thermal response speed and ±0.5°C temperature control accuracy in ultra-high temperature environment, dry-coating equipment had a high-stiffness roller structure, which effectively improved stability of electrode fibrillation process while optimizing equipment energy consumption. In respect of slurry preparation, the Company newly introduced the high-solids cycling kneader mixer, which enabled steady kneading with 80% high solid content, thus ensuring uniform powder wetting and enhancing quality and unity of solid-state electrode slurry at source. In respect of electrode production, the Company upgraded the integrated solid-state cutting and stacking machine. On the basis of achieving efficient stacking speed of 0.35s/pcs and ±0.15mm ultra-high alignment precision for single station, the machine could generate high-quality production with zero powder throughout the entire process and trace-less cutting. When equipped with warm isostatic press, it could achieve ±2°C precise temperature control, and monitor warehouse temperature and pressure parameters in real time, thus effectively improving cell densification and product performance. In the second quarter of 2026, the Company continued to secure key orders from leading battery enterprises and automotive manufacturers in China and overseas markets, with products covering key process equipment across the entire chain such as dry electrode, electrolyte coating, transfer printing, solid-state stacking and warm isostatic pressing. The industrial validation and bulk delivery of solid-state battery equipment continued to accelerate.

(2) Sodium-ion battery equipment sector

Leveraging general technology for lithium-ion battery intelligent equipment accumulated over the years such as automation, precise processing and process integration, the Company swiftly completes technology transfer and product upgrade, and successfully develops the full-process complete equipment for sodium-ion battery. Relevant production lines have realized bulk commercial delivery. The Company is prepared for the window of opportunity for sodium-ion battery industrialization in advance, and continues to optimize the full-category layout for new energy battery equipment.

(3) Energy storage equipment sector

As global energy storage industry enters a new stage of TWh-grade scale expansion, the demand for large-format batteries and high-capacity energy storage products in the downstream market is surging rapidly. The Company specifically introduces the integrated assembly solution for high-capacity energy storage, enabling one-stop delivery for the entire chain of 1000Ah+ ultra-high capacity energy storage battery, which creates a new benchmark for bulk production of high-capacity battery within the industry. Abandoning the traditional segmented and fragmented production line layout, the solution integrates design covering all production processes, and systematically optimizes factory layout, material transport procedure and full-chain production and operation system, thus effectively lowering equipment investment cost, reducing battery transit loss and improving overall production and operation efficiency. During the Reporting Period, this ultimate intelligent manufacturing solution was exhibited at the SNEC PV Power Expo 2026 in Shanghai and the Battery Show Europe in Stuttgart of Germany, showing the Company's strength in intelligent manufacturing core technology for energy storage, and its ability in comprehensively meeting the large-scale construction standard and mass production demand of domestic and overseas energy storage factories, and fulfilling global demand for long-duration energy storage. The core process of the entire production line realized fully automated collaborative operation, with overall equipment utilization rate exceeded 80%. With an investment return that led among industry peers, the project could fully satisfy the requirements for vehicle-grade quality control for energy storage products and long-term low-carbon efficient operation, supporting the large-scale, high-quality development of global energy storage industry with robust equipment.

At the same time, in response to the global requirements on high-rate discharge, high performance and ultra-high safety for AIDC energy storage battery, the Company provided customers with customized solution that adopted multi-tab process technology, high-efficiency stacking technology, high-pressure electrolyte filling and formation technology and online/offline battery safety test technology, thereby fulfilling the demands of AIDC customers across the world.

(4) Photovoltaic Equipment Sector

The Company continues to iterate its photovoltaic intelligent manufacturing technologies and turnkey solutions, so as to facilitate the high-efficiency and intelligent upgrading of the photovoltaic industry.

During the Reporting Period, the Company newly launched an upgraded TOPCon 4.0 turnkey smart factory solution for high-efficiency photovoltaic cells, which was compatible with all cell sizes ranging from 182mm to 230mm and supported customers in establishing fully unmanned, intelligent and automated photovoltaic production facilities. At the same time, the Company continued to refine its TOPCon cell processes, achieving a key breakthrough in TOPCon 3.0 technology, with mass-production conversion efficiency raised to over 26.5% and overall efficiency improved by nearly 0.8 percentage point across the entire production line. The Company also established comprehensive turnkey solutions covering perovskite laboratories, pilot trial lines, and mass-production-grade facilities, continuously assisting customers in advancing the industrialization of perovskite tandem cells. For the next-generation mainstream XBC cell technology, the Company globally debuted its XBC full-screen stringer, which innovatively employed a high-and-low-temperature compatible welding process and was integrated with intelligent visual alignment, precision center gripping, and virtual coordinate positioning technologies. This enabled ultra-thin cell production with zero chipping and high-precision negative-gap overlapping, delivering superior yield, precision, and cost-effectiveness that precisely matched the mass-production requirements of high-end photovoltaic modules, thereby further consolidating the Company's leading position in the high-end photovoltaic equipment industry.

(5) 3C Intelligent Equipment Sector

During the Reporting Period, Lead Technology, a subsidiary of the Company, continued to deepen its presence in the high-precision manufacturing sector for consumer electronics to break through cross-industry process barriers and achieve the industrialization of novel precision manufacturing technologies. Through in-depth collaborative R&D with OPPO, the Company introduced an innovative chip-grade polymeric 3D inkjet printing technology into the precision manufacturing process of foldable phone hinges. By employing micron-scale microscopic precision forming to reconstruct the hinge's critical structural processes, a uniform polymeric adhesive support layer was formed on the component surface, which effectively optimized folding stress relief and enabled end products to deliver a crease-free folding experience. Concurrently, leveraging its core underlying technologies, including 3D+AI vision, precision fluid control, intelligent collaborative logistics, and integrated online testing, the Company developed comprehensive assembly and testing solutions for smart cockpits and in-vehicle infotainment terminals, which bridged the technological gap between consumer electronics and intelligent automotive manufacturing, enabling the cross-scenario reapplication of precision manufacturing capabilities, and continuously expanding the growth potential of its high-end 3C intelligent equipment business.

(6) Hydrogen Energy and SOFC Equipment Sector

Qingdao Intelligent, a subsidiary of the Company, continues to deepen its presence in the hydrogen energy equipment sector, and has established a high-precision equipment matrix covering the entire process flow, including slurry coating, tape casting and packaging, stack assembly, and performance testing. Its core mass-production coating equipment has achieved a speed exceeding 10m/min, giving a substantial boost to its production capacity. Meanwhile, its equipment manufacturing costs and material wastage have been continuously optimized, and its operational stability has been significantly enhanced. During the Reporting Period, the Company achieved noteworthy commercialization milestones for hydrogen energy equipment. It commenced operations for China's first turnkey production line for fuel cells, and successfully penetrated the high-temperature fuel cell market in the European Union with its high-end equipment. A 2GW-class electrolyzer production line in Australia and CCM coating production lines for customers in Germany and the United States were successively delivered. To date, the Company has served over 80% of the world's leading hydrogen energy enterprises, with steady growth in both industry recognition and market reputation.

In the sector of solid oxide fuel cells (SOFC), the Company has made in-depth strategic deployments around core cell manufacturing processes, and has established a systematic technological framework across critical stages including precision coating, cutting, isostatic pressing, laser welding, stack assembly, and system testing. With over 20 granted patents, the Company has forged deep industry-university-research collaborations with leading domestic hydrogen energy enterprises and national-level research platforms. In the first half of the year, the Company received prestigious industry benchmark awards, and continued to accelerate the commercialization process of its SOFC equipment.

(7) Other Pioneering Innovations

MLCC Equipment Sector: Capitalizing on the explosive growth opportunities in the MLCC industry, the Company continues to strengthen its core competitiveness in electronic ceramics equipment by leveraging its established foundation in key MLCC process equipment. During the Reporting Period, in the areas of core equipment such as casting machine, layup machine and laminator, the Company continued to focus on key processes in MLCC manufacturing to carry out technological upgrades, deepen research into process mechanisms, improve technical parameters, and optimize solutions. The Company actively pursued market expansion, continued to advance joint equipment development with leading customers in the industry, and accelerated the commercialization of a complete set of MLCC equipment.

Humanoid Robot Sector: The Company has proactively strategically positioned itself in the emerging industrial embodied intelligence sector, so as to continuously expand the technological frontiers of high-end intelligent manufacturing. During the Reporting Period, the Company entered into a strategic cooperation with the Beijing Humanoid Robot Innovation Center (北京人形機器人創新中心), a national-level innovation platform. Leveraging their respective technological, application scenario, and R&D resource advantages, the parties jointly developed a complete set of collaborative human-robot application solutions for new energy factories, established an industrial AI data iteration platform, and collaboratively advanced the formulation of industrial application standards for humanoid robots. Capitalizing on its global delivery and service capabilities, the Company continued to promote the large-scale deployment of humanoid robots in scenarios such as lithium battery manufacturing logistics, equipment operation, and intelligent inspection, thereby extending its core technologies in visual inspection, flexible control, and industrial digital platforms into the next generation of intelligent manufacturing, and fostering a new technological and business growth trajectory.

IV. Financial Review

(1) Operating Revenue

During the Reporting Period, the Group's operating revenue amounted to RMB8,189.0 million, representing an increase of 23.9% from RMB6,610.4 million for the corresponding period last year.

	Amount for the period		Amount for last period	
	Operating revenue RMB	**Proportion of revenue (%)**	Operating revenue RMB	Proportion of revenue (%)
Types of goods or services				
Lithium-ion battery intelligent equipment	**6,120,587,857.11**	**74.8**	4,545,224,048.59	68.8
Photovoltaic intelligent equipment	**182,678,760.80**	**2.2**	531,330,471.35	8.0
Intelligent logistics equipment	**1,157,828,449.67**	**14.1**	425,457,423.20	6.4
3C Intelligent equipment	**88,624,530.91**	**1.1**	63,001,922.19	1.0
Others	**639,303,394.49**	**7.8**	1,045,390,041.47	15.8
Total	**8,189,022,992.98**	**100.0**	6,610,403,906.80	100.0

During the Reporting Period, revenue generated from the Group's sales of lithium-ion battery intelligent equipment increased from RMB4,545.2 million for the corresponding period last year to RMB6,120.6 million for the Reporting Period, representing an increase of 34.7%. The year-on-year increase in revenue generated from the sales of lithium-ion battery intelligent equipment was primarily due to the growth in demand from downstream new energy sectors and the recovery of the energy storage market, leading to an increase in the number of orders and acceptance.

During the Reporting Period, revenue generated from the Group's sales of intelligent logistics equipment increased from RMB425.5 million for the corresponding period last year to RMB1,157.8 million for the Reporting Period, representing an increase of 172.1%, which was primarily due to the concentrated acceptance and delivery of automation logistics integration projects that had been executed in prior periods during the Reporting Period, resulting in a significant increase in recognized revenue as compared to the corresponding period last year.

(2) Operating Cost

During the Reporting Period, the Group's operating cost amounted to RMB5,572.6 million, representing an increase of 27.3% from RMB4,379.2 million for the corresponding period last year, which was primarily due to cost growth in line with revenue.

(3) Gross Profit and Gross Profit Margin

The Group's gross profit increased from RMB2,231.2 million for the corresponding period last year to RMB2,616.4 million for the Reporting Period, representing an increase of 17.3%. Its gross profit margin decreased from 33.8% for the corresponding period last year to 32.0% for the Reporting Period.

(4) Selling Expenses

The Group's selling expenses mainly represent traveling and business-related expenses, staff cost related to sales, office expenses, etc. During the Reporting Period, the Group's selling expenses amounted to RMB159.2 million, representing an increase of 5.7% from RMB150.6 million for the corresponding period last year.

(5) Administrative Expenses

The Group's administrative expenses mainly represent staff costs related to administration, professional service fees, depreciation and amortization expenses, and office expenses. During the Reporting Period, the Group's administrative expenses amounted to RMB555.2 million, representing a decrease of 6.1% from RMB591.4 million for the corresponding period last year.

(6) R&D Expenses

The Group's R&D expenses mainly represent staff costs related to R&D, raw materials costs, and depreciation and amortization expenses. During the Reporting Period, the Group's R&D expenses amounted to RMB826.7 million, remaining stable as compared to RMB826.8 million for the corresponding period last year.

(7) Other Income

Other income primarily comprised value-added tax (VAT) refund and additional deduction, government grants, etc. During the Reporting Period, the Group's other income amounted to RMB133.3 million, representing an increase of 69.8% from RMB78.5 million for the corresponding period last year, which was primarily due to the increase in VAT refund and VAT additional deduction during the Reporting Period as compared to the corresponding period last year.

(8) Credit Impairment

During the Reporting Period, the Group recognized credit impairment gains of RMB104.8 million, which was primarily due to the reversal of impairment losses on trade receivables.

(9) Asset Impairment

During the Reporting Period, the Group recognized impairment losses on assets of RMB140.5 million, representing an increase of 34.4% from RMB104.6 million for the corresponding period last year, which was primarily due to an increase in provision for inventory write-down resulting from the increase in inventory balance at the end of the period.

(10) Income Tax Expenses

During the Reporting Period, the Group's income tax expenses amounted to RMB73.7 million, representing a decrease of 18.3% from RMB90.1 million for the corresponding period last year, which was primarily due to the recognition of higher additional deductions on R&D expenses.

(11) Net Profit

During the Reporting Period, the Group's net profit amounted to RMB926.8 million, representing an increase of RMB211.8 million or 29.6% from RMB715.0 million for the corresponding period last year.

(12) Inventories

The Group's inventories primarily comprise raw materials (such as controllers, electrical components, cylinders and sensors), work in progress and finished goods. Inventories increased by 12.8% from RMB14,956.7 million as at December 31, 2025 to RMB16,873.3 million as at June 30, 2026, primarily due to strong demand from the downstream market, which generated sufficient new orders for the Company and drove a substantial increase in product deliveries as compared to the corresponding period last year, consequently leading to a higher balance of goods shipped but not yet accepted at the end of the period.

(13) Liquidity and Financial Resources

During the Reporting Period, the Group's operating cash inflows amounted to RMB4,084.8 million, representing an increase of 73.6% from RMB2,353.4 million for the corresponding period last year. The increase in net cash inflows was primarily due to higher cash collections from sales of goods during the Reporting Period.

As at June 30, 2026, the Group's bank and cash balances (including time deposits and restricted bank deposits) amounted to approximately RMB12,967.4 million, which increased by RMB6,910.7 million as compared to the balance of RMB6,056.7 million as at December 31, 2025.

As at June 30, 2026, the Group's bank borrowings amounted to RMB2,852.2 million, of which RMB2,102.6 million was due within one year, and the remaining bank borrowings were due within two to five years. The balance of bank borrowings for the current year decreased by RMB195.1 million as compared to the balance as at December 31, 2025, which was primarily due to the repayment of bank borrowings using idle funds during the Reporting Period.

(14) Capital Structure

The financial management department of the Group is responsible for the financial risk management of the Group, ensuring that the liquidity structure of the assets, liabilities and other commitments of the Group can always meet its funding needs. The borrowings of the Group are mainly settled in RMB, while its cash and cash equivalents are mainly held in RMB, U.S. dollars and Euro. The Group planned to maintain an appropriate portfolio of equity and debt during the period to ensure an effective capital structure. As at June 30, 2026, the outstanding loans of the Group were mainly RMB-denominated loans and U.S. dollar-denominated loans with approximately 33.2% of such outstanding loans bearing interest at fixed rates and the remainder at floating rates. The Group monitored the capital structure by using the gearing ratio (i.e. total liabilities divided by total assets) and the debt-to-equity ratio (i.e. net debt divided by equity), with its policies designed to maintain financial stability and support the sustainable, healthy and rapid development of the Group's business. Net debt includes borrowings and lease liabilities, net of cash and cash equivalents, and equity includes share capital, reserves and retained profits. The gearing ratio of the Group as at June 30, 2026 was 64.0% (December 31, 2025: 66.3%). The Group maintained its financial stability.

(15) Foreign Exchange Risk

Certain entities of the Group have sales and purchases, cash and cash equivalents, trade receivables and trade payables denominated in foreign currencies such as U.S. dollars and Euro. The Group has not experienced any material difficulties or impact on its operations or liquidity as a result of fluctuations in currency exchange rates. The Group believes that it will have sufficient foreign currencies to meet its foreign exchange needs and will take effective measures to prevent foreign exchange risks.

(16) Pledge of Assets

As at June 30, 2026, the Group had restricted assets with a total carrying amount of RMB786.0 million, which were used to secure bank credit facilities, guarantee bank financing for the Group or issue bills payables. These assets included restricted cash and cash equivalents of RMB786.0 million.

(17) Significant Investments

As at June 30, 2026, the Group had no significant investments (including any investments in an investee with a value of 5% or more of the Group's total assets).

(18) Future Plans for Material Investments and Capital Assets

As at June 30, 2026, the Group had no plans for material investments and capital assets.

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

During the Reporting Period, the Group had no material acquisitions or disposals of its subsidiaries, associates or joint ventures.

(20) Contingent Liabilities

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

(21) Employees, Training and Remuneration Policy

1. Employees

The Company adheres to a talent philosophy of "being people-oriented, utilizing everyone's strengths, and maximizing their potential", and places great emphasis on the protection of employees' rights and career development. The Company strictly complies with laws and regulations, while fully implementing national requirements and standards in areas such as labor employment, workplace safety and hygiene, social security and occupational health to effectively safeguard its employees' fundamental rights and interests. The Company insists on equal employment and equal pay for equal work, and opposes any form of discrimination to provide a fair, open and inclusive development platform for employees regardless of gender, age, nationality and race. Meanwhile, the Company continuously refines its internal management systems and employee care mechanisms to build harmonious and stable labor relations, thereby supporting employees in their growth and development while enabling mutual progress and shared success between employees and the Company.

2. *Training*

During the Reporting Period, to support the execution of its globalization strategy and develop as a learning-oriented organization, the Company established a systematic training system that covers all employees throughout their entire career lifecycles. The Company developed and implemented multi-tiered talent development programs, encompassing onboarding training for new employees, general and professional capability enhancement, and leadership development for management teams. The Company actively facilitated the digital transformation of its talent development initiatives. By continuously enhancing the "Lead e-Learning" online learning platform and adopting a blended learning model integrating "online + offline" approaches, the Company expanded training coverage, enhanced accessibility, and boosted employees' initiative in participation, and thus fostered a comprehensive upgrade of the training system.

In the first half of 2026, the Company continued to increase investment in training, and organized numerous training sessions of various types, achieving 100% employee participation in training. Overall training engagement, learning activity and average learning hours per employee remained at high levels. Online learning had become a core scenario for employees to upskill, providing a solid foundation for the Company to cultivate a highly qualified, professional workforce and sustain high-quality growth over the long term.

3. *Remuneration Policy*

During the Reporting Period, the Company continued to optimize its employee remuneration system, refined role-based responsibility and performance evaluation mechanisms, and established comprehensive mechanisms for job competition, incentives and exits. These efforts continuously improved internal mobility and organizational vitality, fully ignited employee initiative and creativity, and provided employees with broad career development opportunities and a stable platform for growth.

Guided by its mission, vision and values, the Company closely aligned performance management with its strategic goals, striving to build a highly performance-driven corporate culture and organizational structure. The Company adopted a standardized management model that combines annual and semi-annual performance evaluations with monthly performance tracking. Through clear goal setting and process management, the Company effectively guided employees to maximize their personal value, fostering coordinated development and mutual success between employees and the Company.

Meanwhile, the Company continued to reinforce the role of performance-based incentives. By empowering managers through authorization, recognizing and rewarding outstanding employees, and refining incentive and constraint mechanisms, the Company consistently attracted, cultivated and retained top talents, and thus further elevated organizational efficiency and core competitiveness.

V. Outlook on the Company's Future Development

Save as disclosed in this report, there is no significant change in the the future development strategy of the Company as compared with the information disclosed in the 2025 annual report of the Company.

Section III Corporate Governance and Other Information

I. COMPLIANCE WITH THE CG CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. Since the Listing Date, the Company has adopted the code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules as its own corporate governance code.

The Board is of the view that the Company has complied with all code provisions as set out in Part 2 of the CG Code from the Listing Date and up to the end of the Reporting Period, except for the deviation from code provision C.2.1 of the CG Code concerning the separation of the roles of chairman and chief executive officer. Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. We do not have separate individuals serving as chairman and chief executive officer, and Mr. Wang Yanqing currently holds both roles. The Board believes that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired, and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will, taking into account the circumstances of the Group as a whole, continue to review and consider splitting the roles of chairman of the Board and the general manager of the Company if and when it is appropriate.

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

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors since the Listing Date. The Company has made specific enquiries with all Directors, and they have confirmed that they have complied with the Model Code since the Listing Date and up to the end of the Reporting Period.

III. UPDATES IN THE INFORMATION OF THE DIRECTORS

The Directors confirm that no information is required to be disclosed pursuant to the requirements of Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the date of this report.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company, including disposal of any treasury shares (as defined under the Listing Rules). As of June 30, 2026, the Company held 11,152,297 treasury A Shares, which are A Shares deposited in the special security account for share repurchase of the Company and will be utilized for the restricted share scheme of the Company in due course in the future.

V. USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's H Shares were listed on the Main Board of the Stock Exchange on February 11, 2026. The net proceeds from the global offering (taking into account the partial exercise of the over-allotment option, net of underwriting fees and commissions and other estimated offering expenses payable by the Company in connection with the global offering) amounted to approximately HK$4,829.26 million (approximately RMB4,290.40 million).

During the Reporting Period, the Company utilized the net proceeds from the global offering in accordance with the manner, usage and proportion as set out in the Prospectus. As at June 30, 2026, the details of the utilization of the net proceeds are as follows:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds (RMB million)	Utilized net proceeds as of June 30, 2026 (RMB million)	Unutilized net proceeds as of June 30, 2026 (RMB million)	Expected timetable for the utilization of unutilized proceeds
Expansion of global R&D, sales and service network and selectively pursuing strategic initiatives	40%	1,716.16	123.38	1,592.78	2031/7/31
Deepening of platform-based strategy	30%	1,287.12	89.68	1,197.44	2031/7/31
R&D for product design and manufacturing process, as well as technologies optimization of intelligent equipment	10%	429.04	55.65	373.39	2031/7/31
Enhancing digital infrastructure and improving digitalization capabilities across various business processes	10%	429.04	18.35	410.69	2031/7/31
Working capital and general corporate purposes	10%	429.04	0.0003	429.04	2031/7/31
Total	**100%**	**4,290.40**	**287.07**	**4,003.33**	

The Company will continue to gradually utilize the remaining net proceeds in accordance with the intended usage as set out in the Prospectus. The expected timetable for the utilization of the net proceeds from the global offering is based on the Company's best estimate of future market conditions, and may be subject to adjustment to be made based on our actual business operations.

VI. PROCEEDS FROM PREVIOUS FUND-RAISING ACTIVITIES

1. Proceeds from the Issuance of A Shares to Specific Targets in 2020

Pursuant to the Approval for the Registration of the Issue of Shares by Wuxi Lead Intelligent Equipment Co., Ltd. to Specific Targets (Zheng Jian Xu Ke [2021] No. 1424) (《關於同意無錫先導智能裝備股份有限公司向特定對象發行股票註冊的批覆》(證監許可[2021]1424號)) issued by the CSRC and with the consent of the Shenzhen Stock Exchange, the Company issued 111,856,823 Shares to specific targets in June 2021 at an issue price of RMB22.35 per share. The total proceeds amounted to approximately RMB2,500 million. After deducting sponsor underwriting fees (excluding tax) and other offering expenses (excluding tax), the net proceeds amounted to approximately RMB2,487.66 million. As of June 30, 2026, the details of the utilization of the aforementioned proceeds are as follows:

Item	Total proceeds planned to be used (RMB million)	Adjusted total proceeds planned to be used [1] (RMB million)	Utilized amount as of the beginning of the Reporting Period (RMB million)	Utilized amount during the Reporting Period (RMB million)	Unutilized amount as of the end of the Reporting Period (RMB million)	Expected timeline for using total unutilized proceeds
Lead High-end Intelligent Equipment Southern China Manufacturing Base Project	740.02	340.02	313.89	0.0043	–	N/A
Lead Southern China Intelligent Equipment Industrial Park Development Project	–	400.00	337.39	0.0645	–	N/A
Automation Equipment Production Base Capacity Enhancement Project	358.16	58.16	66.94[2]	–	–	N/A
Wuxi Lead Industrial Park Phase II Plant Construction Project	–	300.00	273.51	–	–	N/A
Lead Industrial Internet Collaborative Manufacturing System Development Project	176.58	176.58	191.89[2]	–	–	N/A
R&D and Industrialization Project for Comprehensive Digital Solution of Intelligent Lithium-ion Battery Manufacturing	462.90	462.90	494.28[2]	–	–	N/A
Replenishment of working capital	750.00	750.00	750.75[2]	–	–	
Total	**2,487.66**	**2,487.66**	**2,428.65**	**0.0688**	**-**	

Notes:

(1) On December 29, 2022, the Company convened the fourth extraordinary general meeting of 2022, at which the resolution on Changing the Use of Proceeds was considered and approved, authorizing the Company to reallocate proceeds of RMB400 million from the Lead High-end Intelligent Equipment Southern China Headquarters Manufacturing Base Project to the Lead Southern China Intelligent Equipment Industrial Park Development Project; and reallocate proceeds of RMB300 million from the Automation Equipment Production Base Capacity Enhancement Project to invest in the Wuxi Lead Industrial Park Phase II Factory Construction Project.

(2) The difference between the adjusted total proceeds planned to be used and the utilized amount as of the beginning of the Reporting Period represents interest income.

As at the beginning of the Reporting Period, all the aforementioned projects were available for intended use and fully implemented. The remaining proceeds amounted to approximately RMB105.46 million, comprising the balance of the proceeds and interest accrued thereon. Upon consideration and approval at the general meeting of the Company held on February 13, 2026, the remaining proceeds (the final amount shall be subject to the bank settlement balance on the date of fund transfer) will be used for permanent supplement of working capital. Prior to the completion of the fund transfer, outstanding payments under contracts for the projects remained to be settled through the relevant special account for the proceeds. Such special account for the proceeds was cancelled at the end of May 2026 with a balance of approximately RMB105.49 million, which was transferred to the Group's own funds account for permanent supplement of working capital. For details, please refer to the announcements of the Company dated February 13, 2026 and May 29, 2026.

2. Proceeds from the Public Offering of A Share Convertible Bonds in 2019

Upon approval of the Approval for the Public Offering of Convertible Bonds by Wuxi Lead Intelligent Equipment Co., Ltd. (Zheng Jian Xu Ke [2019] No. 2309) (《關於核准無錫先導智能裝備股份有限公司公開發行可轉換債券的批覆》(證監許可[2019]2309號)) from the CSRC, the Company publicly issued 10,000,000 convertible corporate bonds (the "**Lead Convertible Bonds**") in December 2019, each with a nominal value of RMB100. The total proceeds amounted to RMB1,000 million. After deducting sponsor underwriting fees (excluding tax) and other offering expenses (excluding tax), the net proceeds amounted to approximately RMB989.87 million. As of June 30, 2026, the details of the utilization of the aforementioned proceeds are as follows:

Item	Total proceeds planned to be used (RMB million)	Adjusted total proceeds planned to be used[1] (RMB million)	Utilized amount as of the beginning of the Reporting Period (RMB million)	Utilized amount during the Reporting Period (RMB million)	Unutilized amount as of the end of the Reporting Period (RMB million)	Expected timeline for using total unutilized proceeds
Specialized Automation Equipment Project for Capacitors, PV Modules and Lithium-ion Batteries with Annual Production Capacity of 2,000 Units	470.68	470.68	419.86	–	–	N/A
Lead Research Institute Construction Project	136.21	36.21	36.21	–	–	N/A
Information Technology and Intelligent Upgrade and Transformation Project	82.98	82.98	85.69[2]	–	–	N/A
Replenishment of working capital	300.00	400.00	400.00			N/A
Total	**989.87**	**989.87**	**941.77**	**-**	**-**	

Notes:

(1) On December 29, 2022, the Company convened the fourth extraordinary general meeting of 2022, at which the resolution on Changing the Use of Proceeds was considered and approved, authorizing the Company to reallocate proceeds of RMB100 million from the Lead Research Institute Construction Project to permanently supplement the working capital.

(2) The difference between the adjusted total proceeds planned to be used and the utilized amount as of the beginning of the Reporting Period represents interest income.

As at the beginning of the Reporting Period, all the aforementioned projects were available for intended use and fully implemented. The remaining proceeds amounted to approximately RMB59.96 million, comprising the balance of the proceeds and interest accrued thereon. Upon consideration and approval at the general meeting of the Company held on February 13, 2026, the remaining proceeds (the final amount shall be subject to the bank settlement balance on the date of fund transfer) will be used for permanent supplement of working capital. The special account for such proceeds was cancelled at the end of May 2026 with a balance of approximately RMB60 million, which was transferred to the Group's own funds account for permanent supplement of working capital. For details, please refer to the announcements of the Company dated February 13, 2026 and May 29, 2026.

VII. SHARE INCENTIVE SCHEMES

During the Reporting Period, the Company's 2023 Restricted Share Incentive Scheme, 2024 Restricted Share Incentive Scheme and 2025 Restricted Share Incentive Scheme were all in effect ("**Restricted Share Incentive Schemes**"). All Restricted Shares available for grant under the three aforementioned Restricted Share Incentive Schemes had been granted prior to the Reporting Period. Therefore, the number of Restricted Shares available for grant at the beginning and the end of the Reporting Period was both nil. During the Reporting Period, no new A Shares were issued pursuant to the awards granted under such Restricted Share Incentive Schemes, nor were new awards granted that might result in the issuance of new A Shares. Accordingly, the result calculated pursuant to Rule 17.07(3) of the Listing Rules for the Reporting Period was nil.

Details of changes in the awards granted under the Restricted Share Incentive Schemes during the Reporting Period are set out below:

Grantee	Date of grant	Grant price per share (RMB)	The number of Restricted Shares: Not yet vested as at January 1, 2026	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Not yet vested as at June 30, 2026	Closing price of A Shares per share immediately before the date of grant (RMB)	Weighted average closing price of A Shares immediately before the vesting date (RMB)
Director										
Mr. You Zhiliang (executive Director)	October 22, 2024	9.25	8,400	–	–	–	–	8,400	19.22	N/A
	October 16, 2025	32.77	9,000	–	–	–	–	9,000	54.38	N/A
Other grantees										
Five highest paid individuals (on an aggregated basis)	October 19, 2023	13.97	12,000	–	–	–	–	12,000	25.85	N/A
	October 22, 2024	9.25	132,300	–	–	–	–	132,300	19.22	N/A
	October 16, 2025	32.77	144,000	–	–	–	–	144,000	54.38	N/A
Other employees (on an aggregated basis)	October 19, 2023	13.97	234,800	–	–	–	–	234,800	25.85	N/A
	October 22, 2024	9.25	6,236,510	–	–	–	–	6,236,510	19.22	N/A
	October 16, 2025	32.77	9,387,000	–	–	–	–	9,387,000	54.38	N/A

Notes:

(1) Vesting period and performance targets

The awards granted on October 19, 2023, October 22, 2024 and October 16, 2025 were granted under the 2023 Restricted Share Incentive Scheme, the 2024 Restricted Share Incentive Scheme and the 2025 Restricted Share Incentive Scheme, respectively. Details of the vesting arrangements are set out below:

	2023 Restricted Share Incentive Scheme	**2024 Restricted Share Incentive Scheme**	**2025 Restricted Share Incentive Scheme**
First vesting period	From October 19, 2024 to October 18, 2025, 30% to be vested	From October 22, 2025 to October 21, 2026, 30% to be vested	From October 16, 2026 to October 15, 2027, 50% to be vested
Second vesting period	From October 20, 2025 to October 16, 2026, 30% to be vested	From October 22, 2026 to October 21, 2027, 30% to be vested	From October 16, 2027 to October 15, 2028, 50% to be vested
Third vesting period	From October 19, 2026 to October 18, 2027, 40% to be vested	From October 22, 2027 to October 21, 2028, 40% to be vested	–

The aforementioned vesting of awards is subject to the fulfilment of the conditions of performance indicators of the Company and the grantees.

(2) None of the individual grantee has been granted equity incentives exceeding 1% of the issued Shares of the Company.

(3) The above five highest paid individuals, being grantees, do not include the Company's Directors and chief executive.

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

(1) Interests/Short Positions in the Shares of the Company

As at June 30, 2026, the interests of the Directors and chief executive of the Company in the Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

Name	Position	Nature of interest	Class of Shares	Nature of Shares held	Number of Shares	Approximate percentage of interest in the relevant class of Shares[1]	Approximate percentage of interest in the total number of issued Shares[1]
Mr. Wang Yanqing ("**Mr. Wang**")	Chairman, executive Director and chief executive officer	Beneficial owner	A Shares	Long Position	8,836,057	0.56%	0.53%
		Interest in controlled corporation [2][3]	A Shares	Long Position	497,495,646	31.77%	29.72%

Notes:

(1) As at June 30, 2026, the Company has 1,674,221,434 Shares in issue, comprising 1,566,163,034 A Shares (including 11,152,297 A Shares held as treasury shares by the Company) and 108,058,400 H Shares.

(2) As at June 30, 2026, Lhasa Xindao Venture Capital Co., Ltd. (拉薩欣導創業投資有限公司) ("**Lhasa Xindao**") is held as to 94.0% by Mr. Wang. Wuxi Yuxi Technology Co., Ltd. (無錫煜璽科技有限公司) ("**Wuxi Yuxi**") is indirectly wholly-owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in all the A Shares held by Lhasa Xindao and Wuxi Yuxi.

(3) As at June 30, 2026, the general partner of Shanghai Zhuoao Enterprise Management Partnership (Limited Partnership) (上海卓遨企業管理合夥企業(有限合夥)) ("**Shanghai Zhuoao**") is Shanghai Yiwei Information Technology Center (Limited Partnership) (上海銥煒信息科技中心(有限合夥)) ("**Shanghai Yiwei**"), whose general partner is Ms. Ni Yalan ("**Ms. Ni**"), the spouse of Mr. Wang. Shanghai Zhuoao is indirectly held as to approximately 70.6% by Shanghai Haochang, which is in turn wholly-owned by Mr. Wang. Under the SFO, Mr. Wang, Ms. Ni, Shanghai Yiwei and Shanghai Haochang are deemed to be interested in all the A Shares held by Shanghai Zhuoao.

(2) Interests in the Shares of the Company's Associated Corporations

Name	Position	Nature of interest	Associated corporations	Nature of shares held	Number of shares[1]	Percentage of shareholding
Mr. Wang	Chairman, executive Director and chief executive officer	Beneficial owner	Guangdao Technology	Long Position	2,564,103	10.58%
		Beneficial owner	Qingdao Intelligent	Long Position	2,564,103	10.48%
		Beneficial owner	Lead Technology	Long Position	2,564,103	10.45%

Note:

(1) The associated corporations have not issued any shares as they are not joint stock companies. The number of shares as set out in the table above represents the equivalent amount of registered capital in RMB.

Save as disclosed above, to the best knowledge of the Directors, as at June 30, 2026, none of the Directors or chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

IX. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2026, to the best knowledge of the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under the SFO:

Name	Nature of interest	Class of Shares	Nature of Shares held	Number of Shares	Approximate percentage of interest in the relevant class of Shares[1]	Approximate percentage of interest in the total number of issued Shares[1]
Lhasa Xindao[2]	Beneficial owner	A Shares	Long Position	336,039,506	21.46%	20.07%
Wuxi Yuxi[2]	Beneficial owner	A Shares	Long Position	69,414,157	4.43%	4.15%
Shanghai Zhuoao[3]	Beneficial owner	A Shares	Long Position	92,041,983	5.88%	5.50%
Shanghai Haochang Information Technology Center (上海皓長信息科技中心) ("**Shanghai Haochang**")[3]	Interest in controlled corporation	A Shares	Long Position	92,041,983	5.88%	5.50%
Shanghai Yiwei[3]	Interest in controlled corporation	A Shares	Long Position	92,041,983	5.88%	5.50%
Ms. Ni[3][4]	Interest in controlled corporation	A Shares	Long Position	92,041,983	5.88%	5.50%
	Interest of spouse	A Shares	Long Position	414,289,720	26.45%	24.75%
Aspex Master Fund	Beneficial owner	H Shares	Long Position	26,075,500	24.13%	1.56%
Aspex Management (HK) Limited	Investment manager	H Shares	Long Position	26,075,500	24.13%	1.56%
Aspex Holdings (HK) Limited	Interest in controlled corporation	H Shares	Long Position	26,075,500	24.13%	1.56%
Li Ho Kei	Interest in controlled corporation	H Shares	Long Position	26,075,500	24.13%	1.56%
BlackRock, Inc.	Interest in controlled corporation	H Shares	Long Position	5,534,900	5.12%	0.33%
Morgan Stanley	Interest in controlled corporation	H Shares	Long Position	9,698,233	8.97%	0.58%
	Interest in controlled corporation	H Shares	Short Position	475,887	0.44%	0.03%

Name	Nature of interest	Class of Shares	Nature of Shares held	Number of Shares	Approximate percentage of interest in the relevant class of Shares[1]	Approximate percentage of interest in the total number of issued Shares[1]
JPMorgan Chase & Co.	Beneficial owner	H Shares	Long Position	1,746,567	1.62%	0.10%
	Beneficial owner	H Shares	Short Position	1,601,567	1.48%	0.10%
	Person having security interest in the Shares	H Shares	Long Position	48,500	0.04%	0.00%
	Approved lending agent	H Shares	Long Position	5,919,769	5.48%	0.35%
Manulife Financial Corporation	Investment manager	H Shares	Long Position	6,418,300	5.94%	0.38%
Universities Superannuation Scheme Limited (as sole corporate trustee of Universities Superannuation Scheme)	Beneficial owner	H Shares	Long Position	5,459,000	5.05%	0.33%

Notes:

(1) As at June 30, 2026, the Company has 1,674,221,434 Shares in issue, comprising 1,566,163,034 A Shares (including 11,152,297 A Shares held as treasury Shares by the Company) and 108,058,400 H Shares.

(2) As at June 30, 2026, Lhasa Xindao is held as to 94.0% by Mr. Wang. Wuxi Yuxi is indirectly wholly-owned by Mr. Wang. Under the SFO, Mr. Wang is deemed to be interested in all the A Shares held by Lhasa Xindao and Wuxi Yuxi.

(3) As at June 30, 2026, the general partner of Shanghai Zhuoao is Shanghai Yiwei, whose general partner is Ms. Ni, the spouse of Mr. Wang. Shanghai Zhuoao is indirectly held as to approximately 70.6% by Shanghai Haochang, which is in turn wholly-owned by Mr. Wang. Under the SFO, Mr. Wang, Ms. Ni, Shanghai Yiwei and Shanghai Haochang are deemed to be interested in all the A Shares held by Shanghai Zhuoao.

(4) Ms. Ni is the spouse of Mr. Wang, and is the general partner of Shanghai Yiwei, the general partner of Shanghai Zhuoao. Therefore, Ms. Ni is deemed to be interested in (i) the A Shares held by Shanghai Zhuoao; and (ii) the A Shares controlled by Mr. Wang directly and indirectly through Lhasa Xindao and Wuxi Yuxi.

Save as disclosed above, to the best knowledge of the Directors, as at June 30, 2026, no other persons/entities (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under the SFO.

X. INTERIM DIVIDEND

The Company plans not to pay any interim dividend for the six months ended June 30, 2026.

XI. ON-GOING DISCLOSURE RESPONSIBILITIES UNDER THE HONG KONG LISTING RULES

The Company has no other disclosure responsibilities under Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

XII. ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES FOR THE PREPARATION OF FINANCIAL REPORTS ON A UNIFORM BASIS

On April 28, 2026, the Company convened the 20th meeting of the fifth session of the Board, at which the Resolution Regarding the Adoption of China Accounting Standards for Business Enterprises for the Preparation of Financial Reports on a Uniform Basis was considered and approved. In view of the fact that the financial statements prepared under the China Accounting Standards for Business Enterprises and International Financial Reporting Standards have largely converged, the Company has adopted the China Accounting Standards for Business Enterprises for the preparation of financial statements and disclosure of related financial information on a uniform basis commencing from the 2026 interim financial report. In accordance with the laws and regulations of the PRC and the Articles of Association, the relevant matters are not required to be submitted to the general meeting of the Company for consideration. The adoption of the China Accounting Standards for Business Enterprises for the preparation of financial reports and disclosure of related financial information on a uniform basis will not have any material impact on the results or financial position of the Company. For details, please refer to the announcement of the Company dated April 28, 2026.

XIII. REVIEW OF THE AUDIT COMMITTEE

The Audit Committee of the Board of the Company comprises Ms. Zhang Mingyan, Mr. Dai Jianjun and Ms. Wong Sze Wing, all being independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions, and provide recommendation and advice to the Board. The Audit Committee has reviewed the Group's interim results for the six months ended June 30, 2026, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

XIV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. Cancellation of Certain Granted and Unvested Restricted Shares

On July 17, 2026, the Company convened the 21st meeting of the fifth session of the Board, at which the Resolution on the Cancellation of Part of the Granted and Unvested Restricted Shares was considered and approved. Based on the relevant appraisal requirements of the 2023, 2024 and 2025 Restricted Share Incentive Schemes, as certain grantees resigned and the Company's performance appraisal targets were not met, the Company cancelled a total of 359,225 Restricted Shares that have been granted but not yet vested.

2. Consideration and Approval of Significant Resolutions on H Share Repurchase and H Share Incentive Plan

On July 20, 2026, the Company convened the 22nd meeting of the fifth session of the Board, at which the Resolution on the H Share Repurchase Plan and the Resolution on the 2026 H Share Incentive Plan were considered and approved respectively, laying the foundations for the Company's future implementation of share repurchases, refinement of long-term incentive mechanism for core talents, optimization of shareholder returns and corporate governance.

Save as disclosed above and in this report, the Company is not aware of any significant event that might affect the Group since June 30, 2026 and up to the date of this report.

Section IV Financial Report

I. Consolidated and Parent Company's Balance Sheet

II. Consolidated and Parent Company's Income Statement

III. Consolidated and Parent Company's Cash Flow Statement

IV. Consolidated and Parent Company's Statement of Changes in Shareholders' Equity

V. Notes to the Financial Statements

Consolidated Balance Sheet

June 30, 2026

RMB

Items	Note (V)	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents	1	**12,967,385,978.39**	6,056,690,965.11
Financial assets held for trading	2	**2,164,659,376.72**	1,572,220,350.00
Notes receivable	3	**432,544,485.98**	689,695,085.24
Accounts receivable	4	**7,822,873,855.26**	6,710,470,653.70
Receivables financing	6	**1,513,956,849.11**	1,093,699,099.42
Advances to suppliers	7	**575,673,239.24**	468,840,898.47
Other receivables	8	**74,009,716.88**	93,808,248.38
Inventories	9	**16,873,265,973.37**	14,956,689,777.20
Contract assets	5	**1,104,214,238.14**	902,344,001.98
Other current assets	10	**530,387,044.65**	494,194,187.13
Total current assets		**44,058,970,757.74**	33,038,653,266.63
Non-current assets:			
Investment in other equity instruments	11	**5,000,000.00**	5,000,000.00
Fixed assets	12	**2,407,819,849.06**	2,461,267,099.46
Construction in progress	13	**119,692,996.33**	129,772,018.27
Right-of-use assets	14	**557,912,227.94**	603,960,169.67
Intangible assets	15	**537,010,045.28**	577,830,164.05
Goodwill	16	**1,086,613,953.19**	1,086,613,953.19
Long-term deferred expenses	17	**561,879,002.61**	590,825,278.72
Deferred tax assets	18	**494,885,901.76**	578,522,911.93
Other non-current assets	19	**262,068.00**	292,868.00
Total non-current assets		**5,771,076,044.17**	6,034,084,463.29
Total assets		**49,830,046,801.91**	39,072,737,729.92

Consolidated Balance Sheet *(Continued)*

June 30, 2026

RMB

Items	Note (V)	Ending balance	Beginning balance
Current liabilities:			
Short-term borrowings	21	**61,646,960.71**	328,005,334.75
Notes payable	22	**3,632,617,718.85**	3,661,493,401.82
Accounts payable	23	**6,480,196,991.42**	4,470,349,603.12
Contract liabilities	24	**17,403,098,947.23**	12,873,254,878.42
Employee compensation payable	25	**450,382,132.01**	599,520,381.81
Taxes and surcharges payable	26	**99,385,387.48**	74,864,321.68
Other payables	27	**161,482,325.46**	179,745,312.03
Non-current liabilities maturing within one year	28	**2,193,422,964.09**	1,049,142,271.66
Other current liabilities	29	**116,391,673.38**	212,336,740.23
Total current liabilities		**30,598,625,100.63**	23,448,712,245.52
Non-current liabilities:			
Long-term borrowings	30	**749,667,100.34**	1,816,571,514.02
Lease liabilities	31	**426,218,923.59**	478,376,569.73
Deferred income	32	**112,698,246.96**	117,475,944.04
Deferred tax liabilities	18	**–**	91,685,295.86
Total non-current liabilities		**1,288,584,270.89**	2,504,109,323.65
Total liabilities		**31,887,209,371.52**	25,952,821,569.17
Shareholders' equity:			
Share capital	33	**1,674,221,434.00**	1,566,163,034.00
Capital reserves	34	**8,453,232,451.23**	4,181,460,219.92
Less: Treasury shares	35	**346,256,226.11**	346,256,226.11
Other comprehensive income	36	**(5,269,314.65)**	4,172,876.56
Surplus reserves	37	**783,081,517.00**	783,081,517.00
Undistributed profits	38	**7,430,062,495.26**	6,951,305,865.08
Total equity attributable to shareholders of the parent company		**17,989,072,356.73**	13,139,927,286.45
Minority interest		**(46,234,926.34)**	(20,011,125.70)
Total shareholders' equity		**17,942,837,430.39**	13,119,916,160.75
Total liabilities and shareholders' equity		**49,830,046,801.91**	39,072,737,729.92

The notes are an integral part of the financial statements.

The financial statements on pages 45 to 162 are signed by:

Legal Representative	Principal in charge of accounting	Head of the accounting department

Balance Sheet of the Parent Company

June 30, 2026

RMB

Items	Note (XVI)	Ending balance	Beginning balance
Current assets:			
Cash and cash equivalents		**11,475,231,640.04**	4,552,266,011.15
Financial assets held for trading		**861,536,554.79**	1,322,113,226.72
Notes receivable		**312,530,049.33**	545,734,996.05
Accounts receivable	1	**9,094,605,902.19**	7,067,494,501.56
Receivables financing		**804,787,135.03**	728,242,456.89
Advances to suppliers		**768,529,623.43**	322,611,359.99
Other receivables	2	**2,611,294,780.84**	3,478,164,509.33
Inventories		**11,454,052,686.38**	10,551,730,659.80
Contract assets		**794,161,881.60**	677,340,730.60
Other current assets		**37,560,026.87**	63,844,523.85
Total current assets		**38,214,290,280.50**	29,309,542,975.94
Non-current assets:			
Long-term equity investments	3	**1,816,279,739.56**	1,863,455,254.36
Investment in other equity instruments		**5,000,000.00**	5,000,000.00
Fixed assets		**1,793,882,003.98**	1,832,119,686.73
Construction in progress		**117,501,312.09**	128,252,260.55
Right-of-use assets		**567,371,518.28**	603,734,771.88
Intangible assets		**437,920,075.42**	465,687,992.70
Long-term deferred expenses		**403,399,756.98**	426,528,104.99
Deferred tax assets		**415,412,295.84**	483,039,827.39
Total non-current assets		**5,556,766,702.15**	5,807,817,898.60
Total assets		**43,771,056,982.65**	35,117,360,874.54

Balance Sheet of the Parent Company *(Continued)*

June 30, 2026

RMB

Items	Ending balance	Beginning balance
Current liabilities:		
Short-term borrowings	**15,417,540.71**	283,538,704.75
Notes payable	**2,539,642,734.61**	2,393,518,054.58
Accounts payable	**5,861,489,854.95**	5,478,301,815.96
Contract liabilities	**14,907,411,951.37**	10,820,531,536.01
Employee compensation payable	**311,582,983.53**	405,393,134.02
Taxes and surcharges payable	**57,405,024.96**	35,709,558.25
Other payables	**98,630,965.80**	111,170,815.95
Non-current liabilities maturing within one year	**2,194,676,629.32**	1,049,142,271.66
Other current liabilities	**144,371,521.61**	175,236,446.59
Total current liabilities	**26,130,629,206.86**	20,752,542,337.77
Non-current liabilities:		
Long-term borrowings	**749,667,100.34**	1,816,571,514.02
Lease liabilities	**434,764,224.57**	478,376,569.73
Deferred income	**42,366,928.53**	47,281,621.70
Deferred tax liabilities	**–**	91,555,960.59
Total non-current liabilities	**1,226,798,253.44**	2,433,785,666.04
Total liabilities	**27,357,427,460.30**	23,186,328,003.81
Shareholders' equity:		
Share capital	**1,674,221,434.00**	1,566,163,034.00
Capital reserves	**8,384,627,156.51**	4,111,524,543.09
Less: Treasury shares	**346,256,226.11**	346,256,226.11
Surplus reserves	**783,081,517.00**	783,081,517.00
Undistributed profits	**5,917,955,640.95**	5,816,520,002.75
Total shareholders' equity	**16,413,629,522.35**	11,931,032,870.73
Total liabilities and shareholders' equity	**43,771,056,982.65**	35,117,360,874.54

Consolidated Income Statement

For the six months ended June 30, 2026

RMB

Items		Note (V)	For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
I.	**Operating revenue**	39	**8,189,022,992.98**	6,610,403,906.80
	Less: Operating costs	39	**5,572,622,081.65**	4,379,223,347.31
	Taxes and surcharges	40	**74,416,759.66**	52,246,316.12
	Selling and distribution expenses	41	**159,173,013.01**	150,631,598.04
	General and administrative expenses	42	**555,218,847.38**	591,427,309.41
	Research and development expenses	43	**826,695,582.06**	826,836,101.24
	Financial costs	44	**131,600,356.44**	21,610,231.62
	Including: Interest expenses		**48,529,643.31**	73,893,803.14
	Interest income		**43,752,122.03**	22,087,983.40
	Add: Other income	45	**133,305,667.36**	78,489,790.14
	Investment income	46	**22,500,962.34**	4,199,467.79
	Gains from the changes in fair value	47	**6,593,068.92**	1,078,145.21
	Gains from credit impairment	48	**104,793,185.17**	233,913,379.89
	Losses from asset impairment	49	**(140,514,691.04)**	(104,562,625.73)
II.	**Operating profits**		**995,974,545.53**	801,547,160.36
	Add: Non-operating revenue	50	**19,502,358.73**	12,561,223.85
	Less: Non-operating expenses	51	**14,986,235.30**	8,944,969.68
III.	**Total profits**		**1,000,490,668.96**	805,163,414.53
	Less: Income tax expenses	52	**73,684,755.08**	90,149,983.35
IV.	**Net profit**		**926,805,913.88**	715,013,431.18
	(I) Classified by operating sustainability			
	1. Net profit from continuing operations		**926,805,913.88**	715,013,431.18
	2. Net profit from discontinued operations		**–**	–
	(II) Classified by ownership			
	1. Net profit attributable to shareholders of the parent company		**956,057,472.49**	740,250,720.23
	2. Minority interests		**(29,251,558.61)**	(25,237,289.05)
V.	**Other comprehensive income, net of tax**		**(9,481,626.86)**	25,723,011.93
	(I) Other comprehensive income, net of tax attributable to shareholders of the parent company		**(9,442,191.21)**	25,738,251.77
	Other comprehensive income that will be reclassified into profit or loss:		**(9,442,191.21)**	25,738,251.77
	1. Differences arising from translation of foreign currency financial statements		**(9,442,191.21)**	25,738,251.77
	(II) Other comprehensive income, net of tax, attributable to minority shareholders		**(39,435.65)**	(15,239.84)

Consolidated Income Statement *(Continued)*

For the six months ended June 30, 2026

Items	Note (V)	**For the period from January 1 to June 30, 2026**	For the period from January 1 to June 30, 2025
VI. Total comprehensive income		**917,324,287.02**	740,736,443.11
Total comprehensive income attributable to shareholders of the parent company		**946,615,281.28**	765,988,972.00
Total comprehensive loss attributable to minority shareholders		**(29,290,994.26)**	(25,252,528.89)
VII. Earnings per share:			
(I) Basic earnings per share		**0.58**	0.48
(II) Diluted earnings per share		**0.58**	0.48

Income Statement of the Parent Company

For the six months ended June 30, 2026

RMB

Items		Note (XVI)	For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
I.	**Operating revenue**	4	**7,018,257,120.75**	6,016,625,170.46
	Less: Operating costs	4	**5,014,077,496.36**	3,991,057,532.24
	Taxes and surcharges		**59,597,499.93**	38,426,281.84
	Selling and distribution expenses		**88,919,928.09**	71,740,735.25
	General and administrative expenses		**469,124,863.22**	457,123,343.07
	Research and development expenses		**544,412,631.34**	549,745,669.88
	Financial costs		**114,668,445.31**	5,431,394.00
	Including: Interest expenses		**42,084,839.30**	70,810,424.89
	Interest income		**40,560,932.98**	18,142,772.96
	Add: Other income		**84,813,022.29**	39,414,812.59
	Investment (losses) income	5	**(73,093,215.57)**	2,153,520.25
	Gains from the changes in fair value		**3,470,246.99**	1,078,145.21
	(Losses) gains from credit impairment		**(15,938,803.91)**	145,490,144.44
	Losses from asset impairment		**(121,276,022.20)**	(105,621,997.70)
II.	**Operating profits**		**605,431,484.10**	985,614,838.97
	Add: Non-operating revenue		**16,502,722.13**	11,848,293.36
	Less: Non-operating expenses		**13,129,606.40**	5,657,519.13
III.	**Total profits**		**608,804,599.83**	991,805,613.20
	Less: Income tax expenses		**30,068,119.32**	91,625,315.14
IV.	**Net profit**		**578,736,480.51**	900,180,298.06
V.	**Other comprehensive income, net of tax**		**–**	–
VI.	**Total comprehensive income**		**578,736,480.51**	900,180,298.06

Consolidated Cash Flow Statement

For the six months ended June 30, 2026

RMB

	Note (V)	For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		**11,577,744,532.95**	8,644,919,146.93
Refund of taxes and surcharges		**181,524,299.19**	263,285,974.56
Cash received relating to other operating activities	53(1)	**99,585,873.06**	132,301,903.97
Sub-total of cash inflows from operating activities		**11,858,854,705.20**	9,040,507,025.46
Cash paid for goods and services		**4,505,896,734.50**	3,773,895,021.95
Cash paid to and on behalf of employees		**2,044,810,382.67**	2,004,756,246.81
Payments of taxes and surcharges		**644,422,552.90**	278,849,124.57
Cash paid relating to other operating activities	53(1)	**578,903,626.86**	629,587,898.79
Sub-total of cash outflows from operating activities		**7,774,033,296.93**	6,687,088,292.12
Net cash flows from operating activities	54(1)	**4,084,821,408.27**	2,353,418,733.34
II. Cash flows from investing activities:			
Cash received from disposal of investments		**13,824,857,580.59**	4,019,483,244.62
Cash received from returns on investments		**35,486,262.66**	8,747,184.96
Cash received relating to other investing activities	53(2)	**–**	264,500.00
Sub-total of cash inflows from investing activities		**13,860,343,843.25**	4,028,494,929.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**179,451,441.51**	230,556,589.08
Cash paid to acquire investments		**14,401,578,540.90**	4,406,342,857.58
Sub-total of cash outflows from investing activities		**14,581,029,982.41**	4,636,899,446.66
Net cash flows from investing activities		**(720,686,139.16)**	(608,404,517.08)

RMB

		Note (V)	For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
III.	**Cash flows from financing activities:**			
	Cash received from capital contributions		**4,395,171,297.04**	–
	Cash received from borrowings		**261,666,149.68**	1,120,000,000.00
	Cash received relating to other financing activities	53(3)	**–**	1,651,956.00
	Sub-total of cash inflows from financing activities		**4,656,837,446.72**	1,121,651,956.00
	Cash repayments of borrowings		**386,752,350.00**	1,717,410,200.00
	Cash payments for distribution of dividends and profits or for interest expenses		**508,596,461.30**	129,491,892.10
	Cash paid relating to other financing activities	53(3)	**175,059,217.32**	138,640,627.63
	Sub-total of cash outflows from financing activities		**1,070,408,028.62**	1,985,542,719.73
	Net cash flows from financing activities		**3,586,429,418.10**	(863,890,763.73)
IV.	**Effect of fluctuations in exchange rates on cash and cash equivalents**		**(103,995,296.51)**	19,097,189.48
V.	**Net increase in cash and cash equivalents**		**6,846,569,390.70**	900,220,642.01
	Add: Cash and cash equivalents balance at the beginning of the period	54(2)	**4,993,148,447.01**	3,360,355,278.42
VI.	**Cash and cash equivalents balance at the end of the period**	54(2)	**11,839,717,837.71**	4,260,575,920.43

Cash Flow Statement of the Parent Company

For the six months ended June 30, 2026

RMB

		For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
I.	**Cash flows from operating activities:**		
	Cash received from sale of goods or rendering of services	**8,840,794,601.77**	7,311,448,390.47
	Refund of taxes and surcharges	**123,997,619.43**	228,806,558.71
	Cash received relating to other operating activities	**80,685,946.59**	104,425,915.79
	Sub-total of cash inflows from operating activities	**9,045,478,167.79**	7,644,680,864.97
	Cash paid for goods and services	**3,759,458,959.81**	4,060,685,397.51
	Cash paid to and on behalf of employees	**1,375,245,283.31**	1,342,157,484.71
	Payments of taxes and surcharges	**538,658,292.68**	170,903,814.43
	Cash paid relating to other operating activities	**340,985,919.38**	369,209,566.92
	Sub-total of cash outflows from operating activities	**6,014,348,455.18**	5,942,956,263.57
	Net cash flows from operating activities	**3,031,129,712.61**	1,701,724,601.40
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments	**11,730,403,017.65**	2,509,000,000.00
	Cash received from returns on investments	**29,629,396.79**	165,736,780.88
	Cash received relating to other investing activities	**–**	264,500.00
	Sub-total of cash inflows from investing activities	**11,760,032,414.44**	2,675,001,280.88
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**174,750,836.42**	212,180,684.00
	Cash paid to acquire investments	**11,246,834,075.18**	2,655,964,920.75
	Net cash paid for acquisition of subsidiaries and other operating units	**15,609,751.92**	7,791,343.64
	Sub-total of cash outflows from investing activities	**11,437,194,663.52**	2,875,936,948.39
	Net cash flows from investing activities	**322,837,750.92**	(200,935,667.51)

Cash Flow Statement of the Parent Company *(Continued)*

For the six months ended June 30, 2026

RMB

		For the period from January 1 to June 30, 2026	For the period from January 1 to June 30, 2025
III.	**Cash flows from financing activities:**		
	Cash received from capital contributions	**4,395,171,297.04**	–
	Cash received from borrowings	**215,417,540.71**	1,120,000,000.00
	Cash received relating to other financing activities	**–**	1,651,956.00
	Sub-total of cash inflows from financing activities	**4,610,588,837.75**	1,121,651,956.00
	Cash repayments of borrowings	**386,752,350.00**	1,667,410,200.00
	Cash payments for distribution of dividends and profits or for interest expenses	**508,591,246.90**	126,516,503.20
	Cash paid relating to other financing activities	**175,059,217.32**	138,640,627.63
	Sub-total of cash outflows from financing activities	**1,070,402,814.22**	1,932,567,330.83
	Net cash flows from financing activities	**3,540,186,023.53**	(810,915,374.83)
IV.	**Effect of fluctuations in exchange rates on cash and cash equivalents**	**(94,907,345.51)**	27,738,677.55
V.	**Net increase in cash and cash equivalents**	**6,799,246,141.55**	717,612,236.61
	Add: Cash and cash equivalents balance at the beginning of the period	**3,761,716,241.96**	2,582,193,528.85
VI.	**Cash and cash equivalents balance at the end of the period**	**10,560,962,383.51**	3,299,805,765.46

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended June 30, 2026

RMB

Items	For the period from January 1 to June 30, 2026 — Equity attributable to owners of the parent company								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Minority interest	Total shareholders' equity
I. Balance at December 31, 2025	1,566,163,034.00	4,181,460,219.92	346,256,226.11	4,172,876.56	783,081,517.00	6,951,305,865.08	13,139,927,286.45	(20,011,125.70)	13,119,916,160.75
II. Increase/decrease for the current period	108,058,400.00	4,271,772,231.31	-	(9,442,191.21)	-	478,756,630.18	4,849,145,070.28	(26,223,800.64)	4,822,921,269.64
(I) Total comprehensive (loss) income	-	-	-	(9,442,191.21)	-	956,057,472.49	946,615,281.28	(29,290,994.26)	917,324,287.02
(II) Contribution of shareholders	108,058,400.00	4,271,772,231.31	-	-	-	-	4,379,830,631.31	3,067,193.62	4,382,897,824.93
1. Ordinary shares contributed by shareholders	108,058,400.00	4,182,342,585.82	-	-	-	-	4,290,400,985.82	-	4,290,400,985.82
2. Amount of share-based payments recognized in owners' equity	-	89,429,645.49	-	-	-	-	89,429,645.49	3,067,193.62	92,496,839.11
(III) Profit distribution	-	-	-	-	-	(477,300,842.31)	(477,300,842.31)	-	(477,300,842.31)
1. Appropriation to shareholders	-	-	-	-	-	(477,300,842.31)	(477,300,842.31)	-	(477,300,842.31)
III. Balance at June 30, 2026	1,674,221,434.00	8,453,232,451.23	346,256,226.11	(5,269,314.65)	783,081,517.00	7,430,062,495.26	17,989,072,356.73	(46,234,926.34)	17,942,837,430.39

Items	For the period from January 1 to June 30, 2025 — Equity attributable to owners of the parent company								
	Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Undistributed profits	Sub-total	Minority interest	Total shareholders' equity
I. Balance at December 31, 2024	1,566,163,034.00	4,133,306,474.15	350,019,486.11	(9,608,758.15)	783,081,517.00	5,474,608,602.48	11,597,531,383.37	(18,146,990.66)	11,579,384,392.71
II. Increase/decrease for the current period	-	22,532,033.33	(3,763,260.00)	25,738,251.77	-	653,170,124.66	705,203,669.76	(24,199,607.23)	681,004,062.53
(I) Total comprehensive income (loss)	-	-	-	25,738,251.77	-	740,250,720.23	765,988,972.00	(25,252,528.89)	740,736,443.11
(II) Contribution of shareholders	-	22,532,033.33	(3,763,260.00)	-	-	-	26,295,293.33	1,052,921.66	27,348,214.99
1. Ordinary shares contributed by shareholders	-	(2,111,304.00)	(3,763,260.00)	-	-	-	1,651,956.00	-	1,651,956.00
2. Amount of share-based payments recognized in owners' equity	-	24,643,337.33	-	-	-	-	24,643,337.33	1,052,921.66	25,696,258.99
(III) Profit distribution	-	-	-	-	-	(87,080,595.57)	(87,080,595.57)	-	(87,080,595.57)
1. Appropriation to shareholders	-	-	-	-	-	(87,080,595.57)	(87,080,595.57)	-	(87,080,595.57)
III. Balance at June 30, 2025	1,566,163,034.00	4,155,838,507.48	346,256,226.11	16,129,493.62	783,081,517.00	6,127,778,727.14	12,302,735,053.13	(42,346,597.89)	12,260,388,455.24

Statement of Changes in Shareholders' Equity of the Parent Company

For the six months ended June 30, 2026

RMB

Items	For the period from January 1 to June 30, 2026					
	Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance at December 31, 2025	**1,566,163,034.00**	**4,111,524,543.09**	**346,256,226.11**	**783,081,517.00**	**5,816,520,002.75**	**11,931,032,870.73**
II. Increase/decrease for the current period	**108,058,400.00**	**4,273,102,613.42**	**-**	**-**	**101,435,638.20**	**4,482,596,651.62**
(I) Total comprehensive income	**-**	**-**	**-**	**-**	**578,736,480.51**	**578,736,480.51**
(II) Contribution of shareholders	**108,058,400.00**	**4,273,102,613.42**	**-**	**-**	**-**	**4,381,161,013.42**
1. Ordinary shares contributed by shareholders	**108,058,400.00**	**4,182,342,585.82**	**-**	**-**	**-**	**4,290,400,985.82**
2. Amount of share-based payments recognized in owners' equity	**-**	**90,760,027.60**	**-**	**-**	**-**	**90,760,027.60**
(III) Profit distribution	**-**	**-**	**-**	**-**	**(477,300,842.31)**	**(477,300,842.31)**
1. Appropriation to shareholders	**-**	**-**	**-**	**-**	**(477,300,842.31)**	**(477,300,842.31)**
III. Balance at June 30, 2026	**1,674,221,434.00**	**8,384,627,156.51**	**346,256,226.11**	**783,081,517.00**	**5,917,955,640.95**	**16,413,629,522.35**

Items	For the period from January 1 to June 30, 2025					
	Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	Undistributed profits	Total shareholders' equity
I. Balance at December 31, 2024	1,566,163,034.00	4,064,732,220.74	350,019,486.11	783,081,517.00	4,440,762,077.68	10,504,719,363.31
II. Increase/decrease for the current period	–	21,848,143.51	(3,763,260.00)	–	813,099,702.49	838,711,106.00
(I) Total comprehensive income	–	–	–	–	900,180,298.06	900,180,298.06
(II) Contribution of shareholders	–	21,848,143.51	(3,763,260.00)	–	–	25,611,403.51
1. Ordinary shares contributed by shareholders	–	(2,111,304.00)	(3,763,260.00)	–	–	1,651,956.00
2. Amount of share-based payments recognized in owners' equity	–	23,959,447.51	–	–	–	23,959,447.51
(III) Profit distribution	–	–	–	–	(87,080,595.57)	(87,080,595.57)
1. Appropriation to shareholders	–	–	–	–	(87,080,595.57)	(87,080,595.57)
III. Balance at June 30, 2025	1,566,163,034.00	4,086,580,364.25	346,256,226.11	783,081,517.00	5,253,861,780.17	11,343,430,469.31

Notes to the Financial Statements

For the six months ended June 30, 2026

(I) CORPORATE INFORMATION

1. Company overview

Wuxi Lead Intelligent Equipment Co., Ltd. (the "Company" or "Lead Intelligent") was established on April 30, 2002 with its registered address at No. 20 Xinxi Road, Xinwu District, Wuxi City, Jiangsu Province (place of business: No. 18 Xinzhou Road, Xinwu District, Wuxi City).

The Company was listed on the Shenzhen Stock Exchange on May 18, 2015, and on the Main Board of The Stock Exchange of Hong Kong Limited on February 11, 2026.

The Company and its subsidiaries (the "Group") are primarily engaged in the research and development ("R&D"), design, production and sales of high-end and non-standard intelligent equipment, covering lithium-ion battery intelligent equipment, photovoltaic intelligent equipment, 3C intelligent equipment, intelligent logistics systems, automotive intelligent production line, hydrogen energy equipment, and laser precision processing equipment.

2. Reporting date of the financial statements

On August 28, 2026, the Company's company and consolidated financial statements were approved by the Board of Directors of the Company.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has implemented the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the "CASBE") and has also disclosed relevant financial information in accordance with the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Provisions on Financial Reporting (revised in 2023). In addition, the financial statements also include relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

Going concern

The Group has assessed the ability to continue as a going concern for a 12-month period since June 30, 2026 and is not aware of any events or conditions that may cast significant doubt upon the ability to continue as a going concern. So the financial statements have been prepared on a going concern basis.

Basis of accounting and principle of measurement

The Group has adopted accrual basis for accounting measurement. Except some financial instruments are measured at fair value, the financial statements are based on historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant regulations.

Under the historical cost convention, assets are measured at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of acquisition. Liabilities are measured according to the amount of payment or assets actually received due to the assumption of current obligations, or the contract amount of the current obligation, or in accordance with the amount of cash or cash equivalents expected to be paid in daily activities to meet liabilities.

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. Fair value measured and disclosed in the financial statements are determined according to the above basis, regardless of whether that price is directly observable or estimated using valuation technique.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

Basis of accounting and principle of measurement *(Continued)*

For financial assets that are initially recognized at fair value based on transaction price and subsequently measured at fair value using valuation techniques involving unobservable inputs, the valuation technique is calibrated in the valuation process to ensure that the initial recognition result determined by the valuation technique is equal to the transaction price.

The fair value measurement is divided into three levels based on the observability of the inputs of the fair value and the importance of the inputs to the fair value measurement as a whole:

- Level 1 inputs are the unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 inputs are directly or indirectly observable inputs – other than quoted prices included within Level 1 – for the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has established specific accounting policies and estimates based on the actual characteristics of its production and operation, focusing on the methods and criteria for determining materiality standards, revenue recognition, depreciation of fixed assets, and amortization of intangible assets, among other matters. The detailed disclosures are as follows. The significant judgments and accounting estimates, along with their key assumptions, applied by the Group in confirming its important accounting policies are detailed in Note (III). 32.

1. Statement of compliance with CASBE

The financial statements of the Company have been prepared in accordance with the CASBE, and present truly and completely the company's and consolidated financial position as at June 30, 2026 and the company's and consolidated results of operations, the company's and consolidated changes in shareholders' equity and the company's and consolidated cash flows for the six months ended June 30, 2026.

2. Accounting period

The accounting year of the Group is the calendar year, i.e. from January 1 to December 31 of each year. The reporting period is the six-month period ended June 30, 2026.

3. Operating cycle

Operating cycle refers to the period from the purchase of assets used for processing to the realization of cash or cash equivalents. The Group's operating cycle usually takes 12 months.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

4. Functional currency

Renminbi ("RMB") is the currency in the primary economic environment in which the Company and its subsidiaries in China operate, The Company and its subsidiaries in China use RMB as their functional currency. The Company's overseas subsidiaries may determine their own functional currencies based on the currency used in the major economic environment in which they operate. The currency used by the Company in preparing the financial statements is RMB.

5. Determination method for materiality criteria and selection basis

Items	Materiality criteria
Significant write-off of receivables for the current period	The amount for an individual item is more than 1% of the ending balance of receivables
Significant changes in carrying amount of contract assets	The percentage change compared to the amount at the end of the previous year is more than 30%
Significant accounts payable with aging over 1 year or overdue	The amount for an individual item is more than 1% of the total assets
Significant contract liabilities with aging over 1 year at the end of the period	The amount for an individual item is more than 1% of the total assets
Significant other payables	The amount for an individual item is more than 1% of the total assets
Major non-wholly-owned subsidiaries	The total assets of non-wholly-owned subsidiaries are more than 10% of the total assets of the Company at the end of the period, or their total profits is more than 10% of the total profits of the Company
Major construction in progress	The budget for an individual project or the investment for the period is more than 1% of the total assets
Major capitalized research and development (R&D) projects	The amount for an individual item is more than 1% of the total assets

6. Accounting methods of business combination involving enterprises under common control and not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

For transactions not under common control, the acquirer will consider whether to adopt the simplified judgment method of "concentration test" when judging whether the acquired combination constitute a business. If the combination passes the concentration test, it does not constitute a business. If the combination fails the concentration test, the judgment shall be made according to business conditions.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Accounting methods of business combination involving enterprises under common control and not involving enterprises under common control *(Continued)*

6.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities acquired in a business combination are measured at their carrying amount of the combined party at the combination date. The difference between the carrying amount of the net assets acquired by the combining party and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued) is adjusted to share premium under capital reserve, if the share capital premium is insufficient to offset the difference, the retained earnings will be adjusted.

The costs that are directly attributable to the business combination are charged to profit or loss in the period in which they are incurred.

6.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination.

The cost of combination is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer in exchange for control of the acquiree. The intermediary fees incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other related general and administrative expenses attributable to the business combination are charged to profit or loss in the period in which they are incurred.

The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition conditions acquired by the acquirer in a business combination are measured at their fair values at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as an asset as goodwill and is initially measured at cost. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets acquired in the combination, the difference is recognized in profit or loss.

Goodwill arising from a business combination shall be presented separately in the consolidated financial statements and measured at cost less any accumulated impairment losses.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Criterion of control and preparation of consolidated financial statements

7.1 Criterion of control

An investor controls an investee when it has power over the investee, exposure to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The Group reassesses whether or not it control an investee if facts and circumstances indicate that there are changes to the relevant elements of control listed above.

7.2 Preparation of consolidated financial statements

The scope of consolidation for the consolidated financial statements is determined based on control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurred in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined in accordance with the Company's unified accounting policies and accounting periods.

The impact of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidated financial statements is eliminated on consolidation.

The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interest and presented as "minority interest" under shareholders' equity in the consolidated balance sheet. The portion of a subsidiary's net profit or loss for the period attributable to minority shareholders is presented as "minority interests" under net profit in the consolidated income statement.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Criterion of control and preparation of consolidated financial statements *(Continued)*

7.2 Preparation of consolidated financial statements (Continued)

When the amount of loss for the period attributable to minority shareholders of a subsidiary exceeds minority shareholders' portion in the beginning balance of owners' equity of the subsidiary, the balance is still allocated against minority interest.

For transactions involving the acquisition of a non-controlling interest in a subsidiary, they shall be accounted for as equity transactions. The carrying amounts of the equity attributable to owners of the parent company and minority interest shall be adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount of the adjustment to minority interest and the fair value of the consideration paid shall be adjusted against capital reserve; if the capital reserve is insufficient to absorb the difference, the remaining amount shall be adjusted against retained earnings.

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

Joint arrangements are classified into either joint operations or joint ventures. Such classification is determined based on the rights and obligations of the parties to the joint arrangement by considering the structure, legal form and contractual terms of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets relating to the arrangement and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group's investments in joint ventures are accounted for using the equity method. For details, please refer to Note (III) "17.3.2. Long-term equity investments accounted for using the equity method".

The Group recognizes its share of soley held assets pursuant to the joint operation arrangement, as well as assets that are held jointly by the Group on a prorate basis; recognizes its share of jointly assumed liabilities pursuant to the joint operation arrangement, as well as liabilities that are borne solely by the Group; recognizes revenue from the sale of its share of the output arising from the joint operation; recognizes its share of revenue from the sale of the output by the joint operation; recognizes expenses that are incurred solely by the Group, as well as its share of expenses incurred by the joint operation. The Group accounts for and recognizes assets, liabilities, revenues and expenses relating to the joint operation in accordance with the provisions applicable to the specific assets, liabilities, revenues and expenses.

9. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (generally means due within three months from the date of purchase), highly liquid investments held by the Group that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Translation of foreign currency business and financial statements denominated in foreign currency

10.1 Foreign currency business

Foreign currency transactions are translated at the spot exchange rate on the date of transaction at initial recognition.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. The exchange difference between the spot exchange rate on that date and the spot exchange rate on the initial recognition date or the previous balance sheet date shall be included in the current profit or loss.

Foreign non-monetary items measured at historical cost are still measured in the functional currency at the exchange rate on the transaction date. Foreign non-monetary items measured at fair value are translated at the exchange rate on the date when the fair value is determined. The difference between the translated functional currency amount and the original functional currency amount is treated as a fair value change (including exchange rate fluctuations) and is recognized in profit or loss for the period or as other comprehensive income.

10.2 Translation of foreign currency financial statements

For the purpose of preparing the consolidated financial statements, the foreign currency financial statements of overseas operations are translated into RMB financial statements using the following method: all assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; equity items are translated at the spot exchange rate at the time of occurrence; all items in the income statement and items reflecting the amount of profit distribution are translated at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions; the difference between assets and the sum of liabilities and shareholders' equity after translation is recognized in other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of fluctuations in exchange rates on cash and cash equivalents is regarded as a reconciliation item and presented separately in the cash flow statement as "effect of fluctuations in exchange rates on cash and cash equivalents".

The ending balances of the prior year and the actual figures of the prior year are presented at the translated amounts in the prior year's financial statements.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract.

Where financial assets are purchased or sold in a regular way, assets to be received and liabilities to be borne are recognized on the date of transaction, or assets sold are derecognized on the date of transaction.

Financial assets and financial liabilities are initially measured at fair value (for the determination method of the fair value of financial assets and financial liabilities, see the relevant disclosures of the accounting basis and cost principles in Note (II)). For financial assets and financial liabilities at fair value through profit or loss, the related transaction costs are directly recognized in profit or loss in the period in which they are incurred. For other categories of financial assets and financial liabilities, the related transaction costs are included in the initially recognized amount. When the Group initially recognizes receivables that do not contain a significant financing component or do not consider the financing component in a contract not exceeding one year in accordance with the Accounting Standards for Business Enterprises No. 14 – Revenue (the "Revenue Standard"), the Group initially measures the receivables at the transaction price as defined in the Revenue Standard.

Effective interest rate method is the method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that discounts estimated future cash flows through the expected duration of a financial asset or a financial liability to the carrying amount of the financial asset or to the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flow is estimated on the basis of all contractual terms of the financial asset or financial liability (such as early repayment, extension, call options or other similar options, etc.) without taking into account the expected credit losses ("ECL").

The amortized cost of a financial asset or a financial liability is the amount initially recognized for a financial asset or a financial liability net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

If the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of the principal and the interest on the principal amount outstanding and the financial asset is managed by the Group in a business model aimed at collecting contractual cash flows, the Group shall classify the financial asset into the financial asset measured at amortized cost. These financial assets mainly include cash and cash equivalents, notes receivable, accounts receivable, other receivables, and bank certificates of deposit and debt investments in other current assets.

If the contractual terms of the financial asset stipulate that the cash flows generated on a specific date are solely payments of the principal and the interest on the principal amount outstanding and the financial asset is managed by the Group in a business model aimed at both collecting contractual cash flows and selling such financial assets, the Group shall classify the financial asset into the financial asset at FVTOCI. Such financial assets with a term exceeding one year from the date of acquisition are classified as other debt investments. These financial assets were classified as notes receivable at FVTOCI when obtaining, and presented under receivables financing.

The Group's purpose of holding the financial assets is for trading if one of the following conditions is satisfied:

- The purpose of acquiring the financial assets is to sell the assets in the near future.
- The relevant financial assets are part of a portfolio of identified financial instruments that are centrally managed on initial recognition, and there is objective evidence of actually a recent short-term profit-taking model.
- The relevant financial assets are derivatives, except for derivatives defined under financial guarantee contracts and derivatives designated as effective hedging instruments.

Financial assets at FVTPL include financial assets classified at FVTPL and financial assets designated at FVTPL:

- Financial assets that do not meet the classification criteria for financial assets at amortized cost or financial assets at FVTOCI are classified as financial assets at FVTPL.
- On initial recognition, the Group may irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch or when the criteria for a hybrid contract with embedded derivatives are met.

Except for derivative financial assets, financial assets at FVTPL are presented as financial assets held for trading.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

11. Financial instruments (Continued)

11.1 Classification, recognition and measurement of financial assets (Continued)

11.1.1 Financial assets measured at amortized cost

Financial asset at amortized cost is subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss.

The Group recognizes interest income on financial assets measured at amortized cost using the effective interest method. For purchased or originated financial assets without credit impairment but with credit impairment incurred in subsequent periods, the Group calculates and determines its interest income based on amortized cost of the financial asset and the effective interest rate in subsequent periods. If the credit risk of the financial instrument improves in subsequent periods and the financial instrument is no longer credit impaired and the improvement can be linked to an event occurring after the application of the above requirements, the Group will determine the interest income based on the effective interest rate multiplied by the carrying amount of the financial assets.

11.1.2 Financial assets classified as at FVTOCI

Except for impairment losses or gains related to financial assets at FVTOCI and interest income calculated using the effective interest method are recognized in profit or loss, changes in fair value of the financial assets are recognized in other comprehensive income. The amount of the financial assets included in profit or loss for each period shall be equal to the amount deemed as measured at amortized cost and included in profit or loss for each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into profit or loss for the period.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL shall be subsequently measured at fair value. Gains or losses from the changes in fair value and dividends and interest income related to such financial assets shall be recognized in profit or loss.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments

The Group performs impairment accounting for financial assets measured at amortized cost and financial assets at FVTOCI based on ECL and recognizes loss allowance.

The Group measures the loss allowance of all notes receivable and accounts receivable formed due to the Revenue Standard in accordance with the amount equivalent to lifetime ECL.

For other financial instruments, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk on the financial instrument has increased significantly since initial recognition, the Group measures its loss allowance at an amount equal to lifetime ECL of the financial instrument. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to next 12-month ECL of the financial instrument. Except for financial assets measured at FVTOCI, the increased or reversed amount of allowance for credit losses shall be included in profit or loss for the period as losses or gains from impairment. The Group recognizes allowance for credit losses for financial assets at FVTOCI in other comprehensive income and recognizes losses or gains from impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group measured loss allowance at an amount equal to the lifetime ECL of the financial instruments in the previous accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as a significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at an amount equal to next 12-month ECL at the balance sheet date for the current period, and the relevant reversal amount of loss allowance is included in profit or loss for the current period as a gain from impairment.

11.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information that is available to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments *(Continued)*

11.2.1 Significant increase in credit risk (Continued)

The Group will take the following factors into consideration when assessing whether the credit risk has significantly increased:

(1) Whether the external market indicators of credit risk for the same financial instrument or similar financial instruments with the same expected life have changed significantly. These indicators include: the duration and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as changes in the prices of the borrower's debt or equity instruments);

(2) Whether the debtor's internal credit rating is actually lowered or is expected to be lowered;

(3) Adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its debt obligations;

(4) Whether the actual or expected operating results of the debtor has changed significantly;

(5) Whether the regulatory, economic or technological environment in which the debtor is located has undergone significant adverse changes.

As at the balance sheet date, if the Group judges that the financial instrument solely has lower credit risk, the Group will assume that the credit risk of the financial instrument has not significantly increased since initial recognition. If a financial instrument has a low risk of default, and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, the financial instrument is considered to have a lower credit risk even if 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 obligations.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments (Continued)

11.2.2 Credit impaired financial assets

A financial asset is credit impaired when one or more events that have an adverse impact on the estimated future cash flows of the financial asset occurred. Evidence that a financial asset is credit impaired includes the following observable information:

(1) Significant financial difficulty of the issuer or the debtor;

(2) The debtor breaches the contract, such as default or overdue on interest or principal payment;

(3) The creditor, for economic or contractual reasons relating to the financial difficulties of the debtor, granted to the debtor a concession that the creditor would not otherwise consider;

(4) The debtor is likely to enter bankruptcy or other financial reorganization;

(5) The active market for the financial asset disappeared due to the financial difficulties of the issuer or the debtor.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information proposed internally or obtained externally indicates that the debtor of the financial instrument is unable to pay its creditors (including the Group) in full (without taking into account any guarantees obtained by the Group).

11.2.3 Determination of ECL

The Group determines ECL of relevant financial instruments according to the following methods:

- For financial assets, the credit loss shall be the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received.

- As for the financial assets with credit impairment occurred on the balance sheet date but not purchased or generated, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original effective interest rate.

The factors reflected in the Group's methods of measuring ECL of financial instruments include: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of money; the reasonable and supportable information about past events, current situation and future economic situation forecast that is available without undue costs or efforts on the balance sheet date.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.2 Impairment of financial instruments (Continued)

11.2.4 Write-down of financial assets

When the Group no longer reasonably expects that the contractual cash flows of the financial assets can be recovered in whole or in part, the book balance of the financial assets shall be written down directly. Such write down constitutes derecognition of related financial assets.

11.3 Transfer of financial assets

A financial asset is derecognized when one of the following conditions is met: (1) the contractual rights to receive the cash flows from the financial asset expire; (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset has been transferred to the transferee; or (3) the financial asset has been transferred, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it does not retain control over the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly. The Group measures the related liabilities in the following ways:

- If the transferred financial asset is measured at amortized cost, the carrying amount of the related liability is the carrying amount of the continuing involvement in the transferred financial asset less the amortized cost of the rights retained by the Group (if the Group retains the rights due to the transfer of the financial asset) plus the amortized cost of the obligations assumed by the Group (if the Group assumes the obligations due to the transfer of the financial asset), and the related liability is not designated as financial liability at FVTPL.

- If the transferred financial asset is measured at fair value, the carrying amount of the related liability is the carrying amount of the continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group (if the Group retains the rights due to the transfer of the financial asset) plus the fair value of the obligations assumed by the Group (if the Group assumes the obligations due to the transfer of the financial asset), the fair value of the rights and the obligations shall be the fair value at the time of measurement on an independent basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount at the derecognition date of the financial asset transferred and the sum of the consideration received from the transfer of the financial asset and the amount correlating to the derecognition part in the accumulated amount originally recognized in the changes in fair value of other comprehensive income is recognized in profit or loss. If the transferred financial asset is an equity instrument investment held not for trading designated at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.3 Transfer of financial assets (Continued)

If part of the transferred financial asset satisfies the derecognition criteria, the carrying amount of the financial asset as a whole is allocated between the part that is derecognized and the part that continues to be recognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized that has been previously recognized in other comprehensive income is recognized in profit or loss. If the transferred financial asset is an equity instrument investment held not for trading designated at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be removed from other comprehensive income but be recognized in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received should be recognized as a financial liability.

11.4 Classification of financial liabilities and equity instruments

Financial instruments or their constituent parts issued by the Group are classified into financial liabilities or equity instruments on initial recognition on the basis of the substance of the contractual terms and the economic nature but not only its legal form, together with the definition of financial liabilities and equity instruments.

11.4.1 Classification, recognition and measurement of financial liabilities

Upon initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at FVTPL. In addition to the derivative financial liabilities presented separately, financial liabilities at FVTPL are presented as financial liabilities held for trading.

The Group holds a financial liability for trading purposes if one of the following conditions is met:

- The relevant financial liability is incurred principally for the purpose of repurchasing it in the near term.

- On initial recognition, the relevant financial liability is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent actual pattern of short-term profit-taking.

- The relevant financial liability is a derivative, except for a derivative that is a financial guarantee contract and designated as effective hedging instrument.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.4 Classification of financial liabilities and equity instruments (Continued)

11.4.1 Classification, recognition and measurement of financial liabilities (Continued)

11.4.1.1 Financial liabilities at FVTPL *(Continued)*

The Group may designate, on initial recognition, a financial liability at FVTPL if one of the following conditions is satisfied: (1) such designation eliminates or significantly reduces an accounting mismatch; (2) manage and evaluate the financial liability portfolio or the portfolio of financial assets and financial liabilities at fair value based on the risk management or investment strategy as stated in the official written documents of the Group, and report to key management of the Group internally; or (3) a qualified hybrid contract containing embedded derivatives.

Financial liabilities held for trading are subsequently measured at fair value, and any gains or losses arising from changes in fair value and dividends or interest expenses paid on the financial liabilities are recognized in profit or loss for the period.

For financial liabilities designated at FVTPL, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognized in other comprehensive income and changes in other fair values are recognized in profit or loss in the current period. On derecognition of the financial liability, the cumulative changes in fair value attributable to changes in own credit risk previously recognized in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognized in profit or loss for the period. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognizes the entire gain or loss on such financial liabilities (including the amount of the effect of changes in own credit risk) in profit or loss for the period.

11.4.1.2 Other financial liabilities

Other financial liabilities other than financial liabilities arising from the transfer of financial assets that do not qualify for derecognition or continuing involvement in the transferred financial assets and financial guarantee contracts are classified as financial liabilities at amortized cost and subsequently measured at amortized cost, with gains or losses arising from derecognition or amortization recognized in profit or loss for the period.

When the Group and a counterparty modify or renegotiate a contract that does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group recalculates the carrying amount of the financial liability and recognizes any related gains or losses in profit or loss for the period. In recalculating the financial liability, the Group determines the carrying amount of the renegotiated or modified contractual cash flows at the present value discounted at the original effective interest rate of the financial liability. For all costs or expenses incurred in connection with the modification or renegotiation of a contract, the Group adjusts the modified carrying amount of the financial liability and amortizes it over the remaining period of the modified financial liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Financial instruments *(Continued)*

11.4 Classification of financial liabilities and equity instruments (Continued)

11.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. Where an agreement between the Group as borrower and lender is signed to replace the original financial liability and the contractual terms of the new financial liability and the original financial liability are substantially different, the Group derecognizes the original financial liability and recognizes the new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount of the part derecognized and the consideration paid (including any non-cash asset transferred or new financial liability assumed) is recognized in profit or loss for the period.

11.4.3 Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinancing), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as profit distribution, dividends paid do not affect total amount of shareholders' equity.

11.5 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheet when the Group has a legally enforceable right to set off the recognized financial assets and financial liabilities, and the Group intends to settle with net amount, or realize the financial asset and settle the financial liability simultaneously. Otherwise, the financial assets and financial liabilities will be presented separately in balance sheet and will not be mutually set off.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Notes receivable

12.1 Portfolio category and determination method of provisions for bad debt assessed collectively by credit risk characteristics

The Group classifies notes receivable into different groups based on common credit risk characteristics:

Category	Determination basis
Bank acceptance bills portfolio	Management evaluates that such payments have low credit risk
Commercial acceptance bills portfolio	Impairment provision is made according to the expected loss rate of accounts receivable, with the same classification as that of the accounts receivable portfolio

The common credit risk characteristics adopted by the Group include the credit ratings of the accepting banks, the credit risk ratings of the debtors, the delinquency status, etc.

13. Accounts receivable

13.1 Portfolio category and determination method of provisions for bad debt assessed collectively by credit risk characteristics

The Group classifies the accounts receivable into low risk, normal and concerned based on common risk characteristics. The common credit risk characteristics adopted by the Group include: historical bad debt records, instances of default or delayed payments, the credit history of relevant customers, etc. The Group uses an impairment matrix to determine the credit losses for each portfolio. The aging of accounts receivable is calculated from the date of revenue recognition.

13.2 Judgment standard of provisions for bad debt assessed individually

The Group classifies those accounts receivable for which there is objective evidence indicating that the amounts will not be collected in accordance with the original terms as impaired and assesses the credit risk individually to determine the credit losses.

14. Receivables financing

14.1 Portfolio category and determination method of provisions for bad debt assessed collectively by credit risk characteristics

The Group classifies the receivables financing based on common risk characteristics. The common credit risk characteristics adopted by the Group include credit rating of accepting bank, overdue status, etc.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Other Receivables

15.1 Judgment standard of provisions for bad debt assessed individually

The ECL of other receivables are determined based on individual assets and portfolio.

16. Inventories

16.1 Classification of inventories, valuation method of inventories upon delivery, inventory system, and amortization method for low-value consumables

16.1.1 Classification of inventories

The Group's inventories mainly include raw materials, works in progress and dispatched goods, etc. Inventories are initially measured at cost, which comprises purchase costs, processing costs and other expenses incurred in bringing the inventories to their current location and condition.

16.1.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

16.1.3 Inventory system

The inventory system is a perpetual inventory system.

16.1.4 Amortization of low-value consumables

Low-value consumables are amortized using one-off write-off method.

16.2 Determination and provision for impairment of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for impairment of inventories is made.

Net realizable value is the estimated selling price of inventories in the ordinary course of business less the estimated costs to completion, estimated selling and distribution expenses and related taxes. Net realizable value of inventories is determined on the basis of clear evidence obtained, taking into account the purpose of holding inventories and the effect of events after the balance sheet date.

Provision for impairment of inventories is made based on the excess of cost over net realizable value of individual inventory item.

After the provision for impairment of inventories is made, if the circumstances that previously caused inventories to be written-off no longer exist so that the net realizable value of inventories is higher than their carrying amount, the original provision for impairment of inventories is reversed and the reversed amount is recognized in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Long-term Equity Investments

17.1 Basis of determination of joint control and significant influence

For details of basis of determination of control, please refer to Note (III). 7. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds and the current executable warrants of the invested entities held by the investor and other parties.

17.2 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination. The difference between the initial investment cost of a long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the capital reserve is insufficient to offset the difference, the retained earnings shall be adjusted.

For a long-term equity investment acquired through a business combination not involving enterprises under common control, the initial investment cost is the combination cost at the date of acquisition.

The intermediary expenses incurred by the acquirer or purchaser in respect of auditing, legal services, valuation and consultancy services, etc. and other related general and administrative expenses attributable to the business combination are recognized in profit or loss in the period in which they are incurred.

The long-term equity investment acquired other than through a business combination is initially measured at its cost.

17.3 Subsequent measurement and recognition of profit or loss

17.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the financial statements of the Company. A subsidiary is an investee that is controlled by the Group.

Long-term equity investments accounted for using the cost method are measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognized in accordance with the cash dividends or profit distributions declared by the investee.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Long-term Equity Investments *(Continued)*

17.3 Subsequent measurement and recognition of profit or loss (Continued)

17.3.2 Long-term equity investment accounted for using the equity method

The Group's investments in associates and joint ventures are accounted for using the equity method. An associate is an investee over which the Group has significant influence. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

When adopting equity method accounting, the initial investment cost of the long-term equity investment shall not be adjusted for the initial investment cost of a long-term equity investment is greater than the share of the fair value of the investee's identifiable net assets that shall be enjoyed according to investment; the difference shall be included in the current period's profit or loss, and the cost of the long-term equity investment shall be adjusted at the same time for the initial investment cost is less than the share of the fair value of the investee's identifiable net assets that shall be enjoyed with the investment.

When adopting equity method accounting, the investment income and other comprehensive income shall be recognized separately according to the share of net profit or loss and other comprehensive income realized by the invested entity, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared by the invested entity; the carrying amount of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity except net profit or loss, other comprehensive income and profit distribution. When recognizing the share of the net profit or loss of the invested entity, the net profit of the invested entity shall be adjusted and recognized on the basis of the fair value of the identifiable assets of the invested entity at the acquisition date. For transactions between the Group, its associates and its joint ventures, if the assets invested or sold do not constitute business, the unrealized gains and losses of internal transactions are offset by the shareholding attributable to the Group. On this basis, the investment gains and losses are recognized. However, the unrealized internal transaction losses between the Group and the invested entity shall not be offset if they belong to the impairment losses of the transferred assets.

The Group discontinues recognizing its share of net losses of the invested entity after the carrying amount of the long-term equity investment, together with any long-term interests that in substance form part of its net investment in the invested entity is reduced to zero. In addition, if the Group has incurred obligations to assume additional losses of the invested entity, estimated liability is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the invested entity, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Long-term Equity Investments *(Continued)*

17.4 Disposal of long-term equity investments

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

18. Fixed Assets

18.1 Conditions of recognition

Fixed assets are tangible assets that are held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. A fixed asset is recognized only when the economic benefits associated with the asset are probable to flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset if it is probable that the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably, and the carrying amount of the replaced part is derecognized. Other subsequent expenditures other than the above are charged to profit or loss for the current period when incurred.

18.2 Depreciation methods

Fixed assets are depreciated using the straight-line method over their estimated useful lives from the next month when they are available for intended use. The depreciation method, depreciation period, estimated residual value rates and annual depreciation rates of each class of fixed assets are as follows:

Class	Depreciation method	Depreciation period (Years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line depreciation	20	10.00	4.50
Ancillary facilities of buildings	Straight-line depreciation	20	10.00	4.50
Machinery and equipment	Straight-line depreciation	10	10.00	9.00
Electronic equipment	Straight-line depreciation	5	10.00	18.00
Transportation equipment	Straight-line depreciation	5	10.00	18.00
Office equipment and others	Straight-line depreciation	5	10.00	18.00
Freehold land (Overseas)		Not depreciated		

The estimated net residual value of a fixed asset is the amount that the Group would currently obtain from disposing of the asset, minus the estimated disposal costs, given its expected age and condition at the end of its useful life.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Fixed Assets *(Continued)*

18.3 Other description

A fixed asset is derecognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset, and the depreciation method applied at least once at each financial year-end, and any change is accounted for as a change in accounting estimates.

19. Construction in Progress

Construction in progress is measured at actual cost, which includes various construction expenditures incurred during the construction period, capitalized borrowing costs before the construction is ready for its intended use, and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to fixed assets when it is ready for its intended use based on the actual cost. For a completed project ready for intended use but with final account unsettled, the asset is transferred to fixed assets based on estimated value. After final account of the project has been settled, the Company shall make adjustment to the previous estimated value based on actual cost, but need not to adjust the depreciation retrospectively.

20. Borrowing Costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized when expenditures for the asset are being incurred, borrowing costs are being incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. The capitalization of qualifying assets under construction or production ceases when the assets are ready for their intended use or sale. The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a special borrowing, the amount to be capitalized is the actual interest expense incurred on that borrowing for the period less any interest income earned from depositing the unused borrowing funds into bank or any investment income on the temporary investment of those funds. Where funds are borrowed under a general borrowing, the amount capitalized is determined by applying the weighted average of the excess amounts of cumulative expenditures on the asset over the special borrowings multiplied by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of the general borrowings. During the capitalization period, the exchange differences on special foreign currency borrowings are all capitalized; the exchange differences on general-purpose foreign currency borrowings are recognized in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Intangible Assets

21.1 Useful life and determination basis, estimate, amortization method or review procedure

Intangible assets include land use rights, patented technology, software, etc.

Intangible assets shall initially be measured at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method or the output method. Intangible assets with infinite useful lives are not amortized. The amortization method, useful life and estimated net residual value rate of each class of intangible assets are as follows:

Class	Amortization method	Useful life (Years)	Residual value rate (%)
Land use rights	Straight-line method	40-50	0
Patented technology	Straight-line method	2-10	0
Software	Straight-line method	2	0

At the end of the year, the useful life and amortization method of intangible assets with finite useful lives are reviewed and adjusted if necessary.

21.2 Collection scope and relevant accounting treatment of Research and development expenses

Expenditures incurred in the research stage are recognized in profit or loss for the period.

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

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

(2) The intention to complete the intangible asset and use or sell it;

(3) The way in which the intangible asset generates economic benefits, including the ability to prove that there is a market for the product produced using the intangible asset or the intangible asset itself has a market, and prove its usefulness if the intangible asset will be used internally;

(4) Adequate technical, financial and other resources to complete the development of the intangible asset and to use or sell the intangible asset;

(5) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Intangible Assets *(Continued)*

21.2 Collection scope and relevant accounting treatment of Research and development expenses (Continued)

If the expenditures cannot be distinguished between the research stage and development stage, the Group recognizes all of them in profit or loss for the period. The cost of the intangible asset formed by internal development activities only includes the total expenditure incurred from the time when the capitalization conditions are met to the time when the intangible asset reaches the intended purpose. The expenditures that have been expensed into profit or loss before the capitalization conditions are met for the same intangible asset in the development process will not be adjusted.

The scope of aggregation for Research and development expenses includes the salaries, wages, and welfare expenses of personnel engaged in R&D activities, the consumption of materials in R&D activities, depreciation expenses of R&D equipment and other related expenses.

22. Impairment of Long-term Assets

The Group assesses at each balance sheet date whether there is any indication that long-term equity investments, investment properties, fixed assets, construction in progress measured using the cost method and intangible assets with finite useful lives may be impaired. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

If the estimated recoverable amount of an asset is based on a single asset and it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The recoverable amount is the higher of an asset's or asset group's fair value less disposal costs and the present value of the estimated future cash flows.

If the recoverable amount of an asset is less than its carrying amount, a provision for impairment of the asset is made based on the difference and recognized in profit or loss for the period.

An impairment loss once recognized shall not be reversed in a subsequent accounting period.

23. Long-term Deferred Expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current period and subsequent periods of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

24. Contract Liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract assets and contract liabilities under common contract are presented on a net basis.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Employee Compensation

25.1 Accounting for short-term employee compensation

In the accounting period in which an employee has rendered services, the Group recognizes the short-term employee compensation actually incurred as liabilities, and includes in profit or loss for the period or related asset costs. The staff welfare incurred by the Group are recognized in profit or loss for the period or related asset costs based on the actual amount when actually incurred. The non-monetary staff welfare are measured at fair value.

In determining the corresponding amount of employee compensation, social security contributions such as medical insurance, work injury insurance and maternity insurance and housing funds, as well as labor union expenses and labor education expenses provided by the Group are calculated according to the prescribed provision bases and percentages during the accounting period in which the employees provide services to the Group, and the corresponding liabilities are recognized, and included in profit or loss for the period or related asset costs.

25.2 Accounting for post-employment benefits

Post-employment benefits are all defined contribution plans.

In the accounting period in which an employee has rendered service, the Group recognizes the amount payable under the defined contribution plan as a liability, and includes in profit or loss for the period or related asset costs.

25.3 Accounting for termination benefits

When the Group provides termination benefits to employees, employee compensation liabilities arising from termination benefits are recognized in profit or loss at the earlier of the following dates: when the Group cannot unilaterally withdraw the termination benefits provided because of an employee termination plan or a layoff proposal, or when the Group confirms the costs or expenses related to the restructuring involving the payment of dismiss benefits.

26. Provisions

Obligations related to contingencies such as guarantees provided for external parties, litigation, product quality guarantee and onerous contracts are recognized as provisions when the Group has a current obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

On the balance sheet date, the provision shall be measured at the best estimate of the expenditure for settling the current obligation, taking into account the risk, uncertainty, time value of money and other factors related to the contingencies. Where the effect of the time value of money is material, the best estimate of the expenditure is determined by discounting the expected future cash outflows.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Share-based Payments

The Group's share-based payments are transactions in which equity instruments are granted to employees in exchange for services rendered by employees or for the assumption of liabilities based on equity instruments. The Group's share-based payments are equity-settled share-based payments.

27.1 Equity settled share-based payments

Equity-settled share-based payments to employees

Equity-settled share-based payments to employees in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognized as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

On each balance sheet date during the vesting period, the Group, based on the latest subsequent information such as the latest update on the change in the number of eligible employees, makes best estimates to adjust the expected number of equity instruments that can be vested. The effect of the above estimate is included in relevant costs or expenses for the period and the capital reserve is adjusted accordingly.

27.2 Accounting Treatment for Termination of Share-based Payment Plans

During the vesting period, if the granted equity instruments are cancelled, the Group shall treat the cancellation of the granted equity instruments as an accelerated vesting. The amount that would have been recognized over the remaining vesting period shall be recognized immediately in profit or loss for the current period, with a corresponding credit to capital reserve. If employees or other parties could choose to satisfy non-vesting conditions but fail to satisfy them during the vesting period, the Group shall treat such failure as a cancellation of the granted equity instruments.

28. Revenue

28.1 Accounting policies used for revenue recognition and measurement by type of business

The Group's revenue is mainly derived from the sales of products, which mainly include revenue from special equipment and accessories.

The Group recognizes revenue based on the transaction price allocated to such performance obligation when a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation represents the commitment that a good or service that is distinct shall be transferred by the Group to the customer.

For the sales of special equipment, the Group recognizes revenue when all goods specified in the contract are delivered to the buyer in accordance to the time, delivery method and location agreed in the sales contract and the Company received the certificate of acceptance confirmed by the buyer. For the sales of accessories, the Group recognizes revenue when all goods specified in the contract are delivered to the buyer in accordance to the time, delivery method and location agreed in the sales contract and the buyer receives or accepts the goods.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Revenue *(Continued)*

28.1 Accounting policies used for revenue recognition and measurement by type of business (Continued)

The transaction price refers to the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. This does not include amounts collected on behalf of third parties or amounts that the Group expects to refund to customers. In determining the transaction price, the Group considers factors such as variable consideration and amounts payable to customers.

If the quality assurance provided in a sales contract offers a separate service beyond ensuring that the goods or services meet established standards, it constitutes a distinct performance obligation. Otherwise, the Group accounts for the quality assurance liability in accordance with Accounting Standard for Business Enterprises No. 13 – Contingencies.

When the Group receives advance payments from customers for goods or services, it initially recognizes these amounts as liabilities. The amounts are subsequently recognized as revenue when the relevant performance obligations are fulfilled.

29. Government Grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of monetary asset, it shall be measured at the amount received or receivable.

29.1 Judgment basis and accounting treatment of government grants related to assets

Please refer to Note (IX) for details of the Group's government grants related to assets. Such grants are government grants as they related to fixed assets that were built or acquired.

A government grant related to assets is recognized as deferred income and included in current profit or loss over the useful life of the related asset using the straight-line method.

29.2 Judgment basis and accounting treatment of government grants related to revenue

Please refer to Note (IX) for details of the Group's grants related to revenue. As they are directly related to the expenses incurred during the period, such government grants are government grants related to revenue.

A government grant related to revenue used to compensate for relevant costs, expenses and losses in subsequent periods is recognized as deferred income, and is included in profit or loss for the period directly over the periods in which the relevant costs, expenses or losses are recognized. The government grants related to revenue used to compensate for relevant costs, expenses or losses already incurred is included in profit or loss for the period directly.

The government grants related to the Group's daily activities are included in other income/offset the relevant costs and expenses according to the nature of economic business. Otherwise, government grants are included in non-operating revenue.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

30. Deferred tax assets/Deferred tax liabilities

Income tax expense comprises current income tax expense and deferred income tax expense.

30.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

30.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amount of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognized as assets or liabilities but the tax base can be determined according to tax laws and their tax base, deferred tax assets and deferred tax liabilities are recognized using the balance sheet liability method.

Deferred income tax is generally recognized for all temporary differences. However, as for deductible temporary differences, deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. In addition, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profit (or deductible loss) at the time of transaction and would not result in equal taxable temporary differences and deductible temporary differences, no deferred income tax asset or liability is recognized.

For deductible losses and tax credits in subsequent years that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with the investments in subsidiaries are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled according to the requirements of tax laws.

Current and deferred income tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they are adjusted to the carrying amount of goodwill.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

30. Deferred tax assets/Deferred tax liabilities *(Continued)*

30.2 Deferred tax assets and deferred tax liabilities (Continued)

The carrying amount of a deferred income tax asset is reviewed at each balance sheet date and is reduced to the extent that it is probable that sufficient taxable profits will not be available to offset the benefits of deferred tax assets. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

30.3 Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

31. Lease

Lease is defined as a contract that the lessor transfers the right-of-use of assets to the lessee within a certain period of time in exchange for consideration.

The Group assesses whether the contract is or contains lease on the commencement date of the contract. The Group does not reassess unless the terms and conditions of the contract are changed.

31.1 The Group as lessee

31.1.1 Right-of-use assets

Except for short-term leases, the Group recognizes right-of-use assets at the commencement date of the lease. The lease commencement date refers to the starting date for the lessor to provide leased assets for use by the Group. Right-of-use assets are initially measured at cost. Such cost includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

31. Lease *(Continued)*

31.1 The Group as lessee (Continued)

31.1.1 Right-of-use assets (Continued)

The Group accrues depreciation for the right-of-use assets according to the relevant depreciation regulations of Accounting Standards for Business Enterprises No. 4 – Fixed Assets. Right-of-use assets are depreciated within the remaining useful lives when the Group is reasonably certain to obtain the ownership of leased assets at the end of the lease term. The depreciation is provided over the shorter of the lease term or the remaining useful lives of the leased assets if it is not.

The Group determines whether the right-of-use assets are impaired and performs accounting treatment for recognized impairment loss according to the relevant regulations of Accounting Standard for Business Enterprise No. 8 – Impairment of Assets.

31.1.2 Lease liabilities

Except for short-term leases, the Group initially measures the lease liability at the present value of lease payments that are unpaid at the lease commencement date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate, and adopts the incremental borrowing rate if the interest rate implicit in the lease is not readily determined.

The lease payments refer to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including fixed payments and in-substance fixed payments.

The Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and includes it in profit or loss for the period or related asset costs after the lease commencement date.

31.1.3 The criteria and accounting methods for simplified treatment of short-term leases by the lessee

For short-term leases of houses and buildings and wharfs, the Group chooses not to recognize the right-of-use assets and lease liabilities. Short-term lease is defined as a lease that has a lease term of no more than 12 months from the lease commencement date and excludes a purchase option. The Group will include the lease payments for short-term leases in profit or loss for the period or related asset costs using the straight-line method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

31. Lease *(Continued)*

31.1 The Group as lessee (Continued)

31.1.4 Lease modification

If a lease is modified and the following conditions are met at the same time, the Group shall account for the lease modification as a separate lease:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the scope of increase which is adjusted based on circumstances of such contract.

If a lease modification is not accounted for as a separate lease, on the effective date of the modification, the Group shall reallocate the consideration in the modified contract, redetermine the lease term, and remeasure the lease liability at the present value of the modified lease payments using a revised discount rate.

Where a lease modification results in a decrease in the scope of the lease or a shortening of the lease term, the Group shall reduce the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize any resulting gain or loss in profit or loss for the current period. For other lease modifications that result in the remeasurement of lease liabilities, the Group shall make a corresponding adjustment to the carrying amount of the right-of-use asset.

32. Other Significant Accounting Policies and Accounting Estimates

32.1 Accounting treatment in relation to the repurchase of shares of the Company

The consideration and transaction costs paid in a share repurchase reduce shareholders' equity and no gain or loss is recognized when the shares of the Company are repurchased, transferred or cancelled.

(IV) TAXATION

1. Major Types of Tax and Tax Rates

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Sales of goods or provision of taxable services	13%、6%、9%
Property tax	The portion subject to tax based on rental income is levied at 12% of the rental income; the portion subject to tax based on property value is levied at 1.2% of the residual value of the property as approved by the tax authorities	12%; 1.2%
Urban maintenance and construction tax	Turnover tax payment	7%
Education surcharges	Turnover tax payment	3%
Local educational surcharges	Turnover tax payment	2%
Land use tax	Actual use area as tax basis	RMB3/square meter; RMB10/square meter
Enterprise income tax (EIT)	Taxable income	See below for details

Note on entities with different EIT rates:

Name of company	Tax rate
The Company	15%
Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司)	20%
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	15%
Zhuhai Lead New Power Electronics Co., Ltd (珠海先導新動力電子有限公司)	25%
Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司)	15%
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司)	15%
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	15%
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	15%
Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司)	15%
Shanghai Qingdao Hanjue Intelligent Technology Co., Ltd. (上海氫導漢玨智能科技有限公司)	20%
Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司)	25%
LEAD INTELLIGENT EQUIPMENT (USA) LLC	29.84%
LEAD INTELLIGENT EQUIPMENT (EUROPE) B.V.	19%
LEAD INTELLIGENT EQUIPMENT (DEUTSCHLAND) GMBH	32.17%
LEAD INTELLIGENT EQUIPMENT (SWEDEN) AB	20.60%
LEAD INTELLIGENT EQUIPMENT TURKEY ENERGY TECHNOLOGIES TRADE JSC.	25%
LEAD INTELLIGENT EQUIPMENT (FRANCE) SAS	25%
LEAD INTELLIGENT EQUIPMENT (Hungary) Kft	9%
Jiangsu Lead Technology (Vietnam) Co., Ltd. (江蘇立導科技（越南）有限公司)	20%
Lead Intelligent Equipment (Hong Kong) Co., Limited	8.25%
LEAD INTELLIGENT EQUIPMENT (MALAYSIA) SDN. BHD.	24%
Lead Intelligent Equipment Japan Co., Ltd. (先導智能設備日本株式會社)	23.20%
LEAD INTELLIGENT EQUIPMENT (SINGAPORE) HOLDING TRADING PTE. LTD.	17%
LEAD INTELLIGENT EQUIPMENT ASIA HOLDING PTE. LTD	17%
LEAD INTELLIGENT EQUIPMENT (UK) LIMITED	19%
LEAD INTELLIGENT, SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE	30%
LEAD INTELLIGENT EQUIPMENT KOREA.LTD	9.90%

(IV) TAXATION *(Continued)*

2. Tax Preferences

(1) Preferential tax policy for VAT

Pursuant to the Notice of the State Council on Issuing of Several Policies for Further Encouraging the Development of Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) (《關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》(國發[2011]4號)) issued by the State Council on 28 January 2011 and the Notice on the Value Added Tax Policy for Software Products (Cai Shui [2011] No. 100) (《關於軟件產品增值稅政策的通知》(財稅[2011]100號)) issued by the Ministry of Finance and the State Administration of Taxation on October 13, 2011, for the VAT of self-developed software sold by the Company and its subsidiaries along with forming machines, after levying VAT at the statutory tax rate, the portion of the actual VAT that exceeds 3% will be entitled to the immediate refund policy.

For the Company and its subsidiaries which are high-tech enterprises, pursuant to the Notice on the Additional Value-added Tax Credit Policy for Advanced Manufacturing Enterprises (Announcement [2023] No. 43) (《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)) issued by the Ministry of Finance and the State Taxation Administration in September 2023, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction to their tax payable based on deductible input VAT for the period.

(2) Preferential tax policy for EIT

On November 18, 2025, the Company obtained the "High-tech Enterprise Certificate" (No. GR202532000806) jointly approved by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration for a valid period of three years. The Company pays its EIT at the rate of 15% for 2026.

On December 19, 2025, Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202544002460) jointly approved by the Science and Technology Department of Guangdong Province, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration for a valid period of three years. Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司) pays its EIT at the rate of 15% for 2026.

On December 28, 2023, Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202344000074) jointly approved by the Science and Technology Department of Guangdong Province, Guangdong Provincial Department of Finance, and Guangdong Provincial Tax Service, State Taxation Administration for a valid period of three years. Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司) pays its EIT at the rate of 15% for 2026.

On November 6, 2023, Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202332005600) jointly approved by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration for a valid period of three years. Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司) pays its EIT at the rate of 15% for 2026.

(IV) TAXATION (Continued)

2. Tax Preferences (Continued)

(2) Preferential tax policy for EIT (Continued)

On November 6, 2023, Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202332006557) jointly approved by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration for a valid period of three years. Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司) pays its EIT at the rate of 15% for 2026.

On November 6, 2023, Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202332020531) jointly approved by the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Tax Service, State Taxation Administration for a valid period of three years. Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司) pays its EIT at the rate of 15% for 2026.

On November 6, 2023, Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司) obtained the "High-tech Enterprise Certificate" (No. GR202431001025) jointly approved by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Department of Finance, and Shanghai Municipal Tax Service, State Taxation Administration for a valid period of three years. Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司) pays its EIT at the rate of 15% for 2026.

Shanghai Qingdao Hanjue Intelligent Technology Co., Ltd. (上海氫導漢珏智能科技有限公司) and Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司) are applicable for the requirements of the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises ([2022] No. 13) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(2022年第13號)) which provides that, from January 1, 2022 to December 31, 2024, the portion of annual taxable income of small low-profit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable EIT rate of 20%. Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement [2023] No. 12), the calculation for taxable income of small low-profit enterprises is reduced by 25% and the applicable enterprise income tax is 20%. The policy is extended to December 31, 2027.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and cash equivalents

RMB

Items	Ending balance	Beginning balance
Cash:		
RMB	**18,362.68**	18,462.68
Euro ("EUR")	**9,046.50**	3,740.23
Sub-total	**27,409.18**	22,202.91
Cash at bank:		
RMB	**10,447,807,988.72**	3,803,717,561.00
Hungarian Forint ("HUF")	**1,389,435.95**	1,482,632.86
Vietnamese Dong ("VND")	**2,430,721.82**	218,908.34
Korean Won ("KRW")	**435,696.73**	515,587.87
Swedish Krona ("SEK")	**5,063,135.50**	4,564,992.12
Turkish Lira ("TRY")	**261,464.44**	380,514.13
Mexican Peso ("MXN")	**3,126,201.08**	1,840,885.69
Malaysian Ringgit ("MYR")	**61,212.62**	1,186,215.57
Canadian Dollar ("CAD")	**122,203,320.60**	113,601,371.98
Hong Kong Dollar ("HK$")	**599,285.59**	466,059.35
Japanese Yen ("JPY")	**35,779,793.99**	31,240,936.96
Singapore dollar ("SGD")	**471,243.85**	128,790.32
EUR	**379,581,118.79**	333,394,798.27
British Pound ("GBP")	**495,632.35**	671,637.10
United States Dollar ("US$")	**1,181,658,650.75**	878,411,753.93
Sub-total	**12,181,364,902.78**	5,171,822,645.49
Other cash and cash equivalents:		
RMB	**785,605,311.43**	884,434,341.71
EUR	**388,355.00**	411,775.00
Sub-total	**785,993,666.43**	884,846,116.71
Total	**12,967,385,978.39**	6,056,690,965.11
Including: total amount deposited abroad	**131,312,139.91**	130,711,794.53

Other notes:

Among other cash and cash equivalents of the Group at the end of the period, the restricted cash and cash equivalents amounted to RMB785,993,666.43 (at the end of the previous year: RMB884,846,116.71), mainly including notes collateral, cash at bank being judicially frozen, etc.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Financial assets held for trading

RMB

Items	Ending balance	Beginning balance
Financial assets at FVTPL:		
Bank wealth management products	**2,164,659,376.72**	1,572,220,350.00
Total	**2,164,659,376.72**	1,572,220,350.00

3. Notes receivable

(1) Notes receivable by category

RMB

Items	Ending balance	Beginning balance
Bank acceptance bills	**432,544,485.98**	689,695,085.24
Total	**432,544,485.98**	689,695,085.24

(2) At the end of the current period, the Group had no bank acceptance bills pledged.

(3) Notes receivable that have been endorsed or discounted by the Group at the end of the period but not yet due at the balance sheet date

RMB

Items	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	**–**	131,809,214.09
Total	**–**	131,809,214.09

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Notes receivable *(Continued)*

(4) Disclosed by classification of bad debt provision method

RMB

	Ending balance				
	Book balance		Bad debt provision		Book value
Classification	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	
Provision for bad debts assessed on a portfolio basis					
Including:					
Low risk	**432,544,485.98**	**100.00**	**–**	**–**	**432,544,485.98**
Total	**432,544,485.98**	**100.00**	**–**	**–**	**432,544,485.98**

	Beginning balance				
	Book balance		Bad debt provision		Book value
Classification	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed on a portfolio basis					
Including:					
Low risk	689,695,085.24	100.00	–	–	689,695,085.24
Total	689,695,085.24	100.00	–	–	689,695,085.24

The Group considers that the credit risk arising from bank acceptance bills held due to bank defaults is low and therefore the ECL is not material.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable

(1) Disclosed by aging:

Based on the revenue recognition date, the aging analysis of accounts receivable is as follows:

RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	**6,320,949,018.55**	4,423,159,257.55
1-2 years	**1,607,699,824.90**	2,333,175,558.35
2-3 years	**1,207,327,308.49**	1,428,656,873.89
Over 3 years	**814,244,424.93**	758,268,343.22
Total	**9,950,220,576.87**	8,943,260,033.01

(2) Disclosed by classification of bad debt provision method:

RMB

	Ending balance				
	Book balance		Bad debt provision		Book value
Items	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	
Provision for bad debts assessed individually	**286,809,386.31**	**2.88**	**286,809,386.31**	**100.00**	**–**
Provision for bad debts assessed on a portfolio basis	**9,663,411,190.56**	**97.12**	**1,840,537,335.30**	**19.05**	**7,822,873,855.26**
Total	**9,950,220,576.87**	**100.00**	**2,127,346,721.61**	**21.38**	**7,822,873,855.26**

RMB

	Beginning balance				
	Book balance		Bad debt provision		Book value
Items	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed individually	283,633,347.65	3.17	283,633,347.65	100.00	–
Provision for bad debts assessed on a portfolio basis	8,659,626,685.36	96.83	1,949,156,031.66	22.51	6,710,470,653.70
Total	8,943,260,033.01	100.00	2,232,789,379.31	24.97	6,710,470,653.70

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable *(Continued)*

(2) Disclosed by classification of bad debt provision method: (Continued)

Provision for bad debts assessed individually:

RMB

Names	Ending balance Book balance	Bad debt provision	Percentage (%)	Reasons for provision
Wuxi Suntech Power Holdings Co., Ltd. (無錫尚德太陽能電力有限公司)	144,664,791.49	144,664,791.49	100.00	It was expected to have low recoverability in the future
Northvolt AB	79,385,158.43	79,385,158.43	100.00	It was expected to have low recoverability in the future
Changzhou Suntech Power Holdings Co., Ltd. (常州尚德太陽能電力有限公司)	40,991,523.00	40,991,523.00	100.00	It was expected to have low recoverability in the future
Wuhu Tianyi Energy Technology Co., Ltd. (蕪湖天弋能源科技有限公司)	19,517,828.97	19,517,828.97	100.00	It was expected to have low recoverability in the future
SVOLT Energy (Wuhan) Co., Ltd. (蜂巢能源(武漢)有限公司)	1,703,237.75	1,703,237.75	100.00	It was expected to have low recoverability in the future
Suntech Power Holdings Co., Ltd. (尚德太陽能電力有限公司)	546,846.67	546,846.67	100.00	It was expected to have low recoverability in the future
Total	286,809,386.31	286,809,386.31	100.00	

Bad debt provision by portfolio:

RMB

Name	June 30, 2026 Book balance	Bad debt provision	Percentage (%)
Within 1 year	6,265,328,353.37	313,266,417.67	5.00
1-2 years	1,583,935,331.65	316,787,066.33	20.00
2-3 years	1,207,327,308.49	603,663,654.25	50.00
Over 3 years	606,820,197.05	606,820,197.05	100.00
Total	9,663,411,190.56	1,840,537,335.30	

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable *(Continued)*

(3) Changes in bad debt provision

The changes in bad debt provided for accounts receivable for the period from January 1, 2026 to June 30, 2026 are as follows:

RMB

Bad debt provision	Total
Beginning balance	2,232,789,379.31
Reversal for the period	(104,049,817.62)
Write-off for the period	(1,392,840.08)
Ending balance	**2,127,346,721.61**

(4) The actual write-off of accounts receivable for the period

The Group had no actual write-off of major accounts receivable for the period from January 1, 2026 to June 30, 2026.

(5) Details of top five accounts receivable and contract assets with the ending balances classified by the borrowers:

RMB

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total ending balances of accounts receivable and contract assets (%)	Ending balance of bad debt provisions
Entity 1	513,065,053.75	156,742,892.07	669,807,945.82	6.03	33,490,397.38
Entity 2	454,950,563.27	43,570,000.00	498,520,563.27	4.49	69,338,194.86
Entity 3	314,730,608.00	40,303,965.00	355,034,573.00	3.19	17,751,728.65
Entity 4	300,754,760.00	795,000.00	301,549,760.00	2.71	86,554,827.78
Entity 5	276,037,889.33	–	276,037,889.33	2.48	13,801,894.47
Total	1,859,538,874.35	241,411,857.07	2,100,950,731.42	18.90	220,937,043.14

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Contract assets

(1) Contract assets

RMB

Item	Ending balance Book balance	Ending balance Bad debt provision	Ending balance Book value	Beginning balance Book balance	Beginning balance Bad debt provision	Beginning balance Book value
Retention receivables	1,162,330,776.99	58,116,538.85	1,104,214,238.14	949,835,791.54	47,491,789.56	902,344,001.98

(2) Significant changes in carrying amount during the period and the reason

The contract assets of the Group are mainly retention receivables. As at the end of the period, the amount of retention receivables increased by RMB212,494,985.45 or 22.37% as compared to the beginning of the period, mainly due to an increase in the Company's revenue during the period.

(3) Disclosed by classification of bad debt provision method

RMB

Classification	Ending balance					Beginning balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed on a portfolio basis										
Including:										
By credit risk portfolio	1,162,330,776.99	100.00	58,116,538.85	5.00	1,104,214,238.14	949,835,791.54	100.00	47,491,789.56	5.00	902,344,001.98
Total	1,162,330,776.99		58,116,538.85		1,104,214,238.14	949,835,791.54	/	47,491,789.56	/	902,344,001.98

Bad debt provision by portfolio

RMB

Name	Ending balance Contract assets	Ending balance Bad debt provision	Ending balance Percentage (%)
Within 1 year	1,162,330,776.99	58,116,538.85	5.00

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Contract assets *(Continued)*

(4) Provision for contract asset impairment for the period

RMB

Item	Beginning balance	Change for the period: Provision for the period	Recovery or reversal for the period	Write-off for the period	Other changes	**Ending balance**
Retention receivables	47,491,789.56	10,624,749.29	–	–	–	**58,116,538.85**

(5) The actual write-off of contract assets for the period

The Group had no actual write-off of contract assets for the period from January 1, 2026 to June 30, 2026.

6. Receivables financing

RMB

Item	**Ending balance**	Beginning balance
Bank acceptance bills	**1,513,956,849.11**	1,093,699,099.42

The Group has made classification on bank acceptance bills, and separately managed bank acceptance bills issued by banks with higher credit rating, so as to endorse or discount them when necessary. Since the business model of holding these specific bank acceptance bills aims at both collecting contractual cash flows and selling such financial assets, they are classified as financial assets at FVTOCI, and are presented as receivables financing.

(1) At the end of the current period, the Group had no bank acceptance bills pledged.

(2) Bank acceptance bills that have been endorsed or discounted at the end of the current period but not yet due at the balance sheet date

RMB

Item	**Amount derecognized at the end of the period**	Amount not derecognized at the end of the period
Bank acceptance bills	**1,860,547,311.99**	–

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Receivables financing *(Continued)*

(3) Disclosed by classification of bad debt provision method

	Ending balance				
	Book balance		Bad debt provision		Book value
Classification	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	
Provision for bad debts assessed on a portfolio basis					
Including:					
Low risk	**1,513,956,849.11**	**100.00**	**–**	**–**	**1,513,956,849.11**
Total	**1,513,956,849.11**	**100.00**	**–**	**–**	**1,513,956,849.11**

	Beginning balance				
	Book balance		Bad debt provision		Book value
Classification	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed on a portfolio basis					
Including:					
Low risk	1,093,699,099.42	100.00	–	–	1,093,699,099.42
Total	1,093,699,099.42	100.00	–	–	1,093,699,099.42

The Group considers that the credit risk arising from bank acceptance bills held due to bank defaults is low and therefore the ECL is not material.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Advances to suppliers

(1) *The aging analysis of advances to suppliers is as follows:*

RMB

Aging	Ending balance Amount	Ending balance Percentage (%)	Beginning balance Amount	Beginning balance Percentage (%)
Within 1 year	**394,302,158.69**	**68.49**	323,397,863.65	68.98
1-2 years	**109,850,446.23**	**19.08**	115,296,960.75	24.59
2-3 years	**60,733,409.81**	**10.55**	20,532,978.17	4.38
Over 3 years	**10,787,224.51**	**1.88**	9,613,095.90	2.05
Total	**575,673,239.24**	**100.00**	468,840,898.47	100.00

At the end of the current period, the Group had no advances to suppliers with an aging of more than one year and a significant amount.

(2) *Details of top five advances to suppliers with the ending balances classified by the payees:*

RMB

Name of entity	Ending balance	Percentage of total ending balance of prepayments (%)
Entity 1	**37,342,641.51**	**6.49**
Entity 2	**27,553,267.91**	**4.79**
Entity 3	**25,385,787.84**	**4.41**
Entity 4	**21,395,985.90**	**3.71**
Entity 5	**17,694,898.61**	**3.07**
Total	**129,372,581.77**	**22.47**

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Other receivables

RMB

Item	Ending balance	Beginning balance
Other receivables	**74,009,716.88**	93,808,248.38

(1) Disclosed by aging

RMB

Aging	Book balance at the end of the period	Book balance at the beginning of the period
Within 1 year	**60,267,544.11**	71,549,388.51
1-2 years	**15,947,612.24**	22,959,038.62
2-3 years	**4,971,430.40**	6,417,440.83
Over 3 years	**7,961,565.66**	18,501,081.43
Total	**89,148,152.41**	119,426,949.39

(2) Classified by nature

RMB

Nature of other receivables	Book balance at the end of the period	Book balance at the beginning of the period
Deposits and security deposits	**54,737,866.71**	63,139,264.58
Payment on behalf of others	**18,430,984.67**	18,772,368.38
Reserve fund	**4,790,071.19**	4,981,100.92
Others	**11,189,229.84**	32,534,215.51
Total	**89,148,152.41**	119,426,949.39

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Other receivables *(Continued)*

(3) Disclosed by classification of bad debt provision method

RMB

Items	Ending balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed individually	**25,378,924.97**	**28.47**	**–**	**–**	**25,378,924.97**
Provision for bad debts assessed on a portfolio basis	**63,769,227.44**	**71.53**	**15,138,435.53**	**23.74**	**48,630,791.91**
Total	**89,148,152.41**	**100.00**	**15,138,435.53**	**16.98**	**74,009,716.88**

RMB

Items	Beginning balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts assessed individually	61,773,638.16	51.73	9,859,455.34	15.96	51,914,182.82
Provision for bad debts assessed on a portfolio basis	57,653,311.23	48.27	15,759,245.67	27.33	41,894,065.56
Total	119,426,949.39	100.00	25,618,701.01	21.45	93,808,248.38

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Other receivables *(Continued)*

(3) *Disclosed by classification of bad debt provision method* (Continued)

Provision for bad debts assessed individually:

RMB

Name	Ending balance			
	Book balance	Bad debt provision	Percentage (%)	Reasons for provision
Withholding of individual provident fund	9,288,166.40	–	–	It was expected to have low credit risk
Withholding of individual social welfare fund	9,142,818.27	–	–	It was expected to have low credit risk
Staff reserves	4,790,071.19	–	–	It was expected to have low credit risk
Local taxes	2,071,652.19	–	–	It was expected to have low credit risk
Others	86,216.92	–	–	It was expected to have low credit risk
Total	25,378,924.97	–		

Bad debt provision by portfolio:

RMB

Name	Ending balance		
	Book balance	Bad debt provision	Percentage (%)
Within 1 year	35,270,254.63	1,763,512.73	5.00
1-2 years	15,896,225.45	3,179,245.22	20.00
2-3 years	4,814,139.56	2,407,069.78	50.00
Over 3 years	7,788,607.80	7,788,607.80	100.00
Total	63,769,227.44	15,138,435.53	

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Other receivables *(Continued)*

(4) Provision for bad debts assessed by the ECL general model

RMB

Provision for bad debts	12-month ECL	Lifetime provision for bad debts (Credit impairment has not occurred yet)	Lifetime provision for bad debts (Credit impairment has occurred)	Total
Balance at January 1, 2026	15,759,245.67	–	9,859,455.34	25,618,701.01
Reversal for the period	(606,348.89)	–	(137,018.66)	(743,367.55)
Exchange gains or losses	(6,461.25)	–	–	(6,461.25)
Write-off for the period	(8,000.00)	–	(9,722,436.68)	(9,730,436.68)
Balance at June 30, 2026	**15,138,435.53**	**–**	**–**	**15,138,435.53**

(5) Provision for bad debts

RMB

Type	Beginning balance	Reversal for the period	Exchange gains or losses	Write-off for the period	Ending balance
Bad debts provisions for other receivables by portfolio based on credit risk characteristics	15,759,245.67	(606,348.89)	(6,461.25)	(8,000.00)	**15,138,435.53**
Bad debts provisions for other receivables assessed individually	9,859,455.34	(137,018.66)	–	(9,722,436.68)	**-**
Total	25,618,701.01	(743,367.55)	(6,461.25)	(9,730,436.68)	**15,138,435.53**

(6) Actual write-offs of other receivables during the period

RMB

Item	Write-off amount
Actual write-offs of other receivable	9,730,436.68

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Other receivables *(Continued)*

(7) Details of top five other receivables with the ending balances classified by the borrowers

RMB

Name of entity	Ending balance	Percentage of the total amount of other receivables (%)	Nature of receivable	Aging	Ending balance of bad debt provision
Entity 1	**9,288,166.40**	10.42	Payables on behalf of others	Within 1 year (inclusive of 1 year)	**–**
Entity 2	**10,987,267.00**	12.32	Deposits and security deposits	1-2 years (inclusive of 2 years)	**2,197,453.40**
Entity 3	**9,142,818.27**	10.26	Payables on behalf of others	Within 1 year (inclusive of 1 year)	**–**
Entity 4	**4,790,071.19**	5.37	Staff reserves	Within 1 year (inclusive of 1 year)	**–**
Entity 5	**4,715,910.00**	5.29	Deposits and security deposits	Within 1 year (inclusive of 1 year)	**235,795.50**
Total	**38,924,232.86**	43.66	/	/	**2,433,248.90**

9. Inventories

(1) Inventories category

RMB

Items	Ending balance		
	Book balance	**Impairment provision**	**Book value**
Raw materials	**1,012,231,385.66**	**3,146,874.81**	**1,009,084,510.85**
Works in progress	**4,716,839,417.86**	**475,533,694.62**	**4,241,305,723.24**
Dispatched goods	**12,054,528,086.92**	**431,652,347.64**	**11,622,875,739.28**
Total	**17,783,598,890.44**	**910,332,917.07**	**16,873,265,973.37**

Items	Beginning balance		
	Book balance	Impairment provision	Book value
Raw materials	675,223,917.32	5,084,817.07	670,139,100.25
Works in progress	4,064,150,168.36	433,099,834.07	3,631,050,334.29
Dispatched goods	11,022,368,734.84	366,868,392.18	10,655,500,342.66
Total	15,761,742,820.52	805,053,043.32	14,956,689,777.20

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Inventories *(Continued)*

(2) Inventory impairment provision

RMB

Items	Beginning balance	Provision for the period	Write-off for the period	**Ending balance**
Raw materials	5,084,817.07	–	1,937,942.26	**3,146,874.81**
Works in progress	433,099,834.07	42,580,124.48	146,263.93	**475,533,694.62**
Dispatched goods	366,868,392.18	87,309,817.27	22,525,861.81	**431,652,347.64**
Total	805,053,043.32	129,889,941.75	24,610,068.00	**910,332,917.07**

10. Other current assets

RMB

Items	**Ending balance**	Beginning balance
Fixed deposit certificates	**10,309,611.11**	–
VAT recoverable	**471,708,611.04**	415,374,384.95
Prepaid income tax	**48,368,822.50**	78,819,802.18
Total	**530,387,044.65**	494,194,187.13

11. Investment in other equity instruments

(1) Investment in other equity instruments

RMB

Item	Beginning balance	**Ending balance**	Dividend recognized during the period	Gain accumulated in other comprehensive income	Loss accumulated in other comprehensive income	Reason for being designated at FVTOCI
Sichuan Tongwei Crystal Silicon PV Industry Innovation Co. Ltd. (四川省通威晶硅光伏產業創新有限公司)	5,000,000.00	**5,000,000.00**	–	–	–	With the intention of maintaining a long-term investment for strategic reasons

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed assets

(1) Fixed assets

RMB

Items	Houses and buildings	Ancillary facilities of buildings	Machinery and equipment	Electronic equipment	Transportation equipment	Office equipment and others	Freehold land (Overseas)	Total
I. Original book value								
1. Beginning balance	2,372,657,233.76	8,527,621.25	299,631,266.97	240,110,672.23	42,253,773.14	219,182,435.46	12,836,699.71	3,195,199,702.52
2. Amount increased in the current period	9,968,934.54	–	19,806,875.24	7,215,235.16	2,325,623.78	8,441,540.26	–	47,758,208.98
(1) Purchase	–	–	3,747,461.83	4,235,712.11	2,325,623.78	7,030,327.85	–	17,339,125.57
(2) Transferred from construction in progress	9,968,934.54	–	16,059,413.41	2,979,523.05	–	1,411,212.41	–	30,419,083.41
3. Amount decreased in the current period	471,948.81	–	1,346,750.30	8,823,603.46	197,033.47	4,400,474.79	–	15,239,810.83
(1) Disposal or scrap	471,948.81	–	1,346,750.30	8,823,603.46	197,033.47	4,400,474.79	–	15,239,810.83
4. Differences arising from translation of foreign currency financial statements	(1,729,514.16)	–	(483,615.72)	(58,863.19)	(239,488.29)	(620,058.20)	(730,096.28)	(3,861,635.84)
5. Ending balance	**2,380,424,705.33**	**8,527,621.25**	**317,607,776.19**	**238,443,440.74**	**44,142,875.16**	**222,603,442.73**	**12,106,603.43**	**3,223,856,464.83**
II. Accumulated depreciation								
1. Beginning balance	291,380,296.18	5,284,172.30	100,402,886.47	155,713,327.11	29,888,167.60	151,263,753.40	–	733,932,603.06
2. Amount increased in the current period	53,195,395.53	191,871.43	13,146,687.22	13,414,116.35	2,280,665.85	12,083,509.57	–	94,312,245.95
(1) Provision	53,195,395.53	191,871.43	13,146,687.22	13,414,116.35	2,280,665.85	12,083,509.57	–	94,312,245.95
3. Amount decreased in the current period	–	–	773,773.30	6,836,369.30	167,252.36	3,606,496.20	–	11,383,891.16
(1) Disposal or scrap	–	–	773,773.30	6,836,369.30	167,252.36	3,606,496.20	–	11,383,891.16
4. Differences arising from translation of foreign currency financial statements	(174,700.78)	–	(193,211.11)	(45,593.57)	(112,973.44)	(297,863.18)	–	(824,342.08)
5. Ending balance	**344,400,990.93**	**5,476,043.73**	**112,582,589.28**	**162,245,480.59**	**31,888,607.65**	**159,442,903.59**	**-**	**816,036,615.77**
III. Book value								
1. Ending balance of book value	**2,036,023,714.40**	**3,051,577.52**	**205,025,186.91**	**76,197,960.15**	**12,254,267.51**	**63,160,539.14**	**12,106,603.43**	**2,407,819,849.06**
2. Beginning balance of book value	2,081,276,937.58	3,243,448.95	199,228,380.50	84,397,345.12	12,365,605.54	67,918,682.06	12,836,699.71	2,461,267,099.46

(2) As at the end of the current period, the Group's fixed assets showed no signs of impairment, and therefore no test for impairment was performed.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Construction in progress

(1) Presentation of items

RMB

Item	Ending balance	Beginning balance
Construction in progress	**119,692,996.33**	129,772,018.27

(2) Construction in progress

a. Construction in progress

RMB

	Ending balance		
Items	Book balance	Impairment provisions	Net book value
Equipment to be installed	**94,459,808.70**	**–**	**94,459,808.70**
Application of software system	**10,076,578.91**	**–**	**10,076,578.91**
Plant upgrade	**11,150,994.68**	**–**	**11,150,994.68**
Renovation	**3,133,507.74**	**–**	**3,133,507.74**
Others	**872,106.30**	**–**	**872,106.30**
Total	**119,692,996.33**	**–**	**119,692,996.33**

RMB

	Beginning balance		
Items	Book balance	Impairment provisions	Net book value
Equipment to be installed	91,980,984.14	–	91,980,984.14
Application of software system	17,111,413.25	–	17,111,413.25
Plant upgrade	10,288,634.99	–	10,288,634.99
Renovation	9,823,617.61	–	9,823,617.61
Others	567,368.28	–	567,368.28
Total	129,772,018.27	–	129,772,018.27

b. As at the end of the current period, the Group did not have any major construction in progress project.

c. As at the end of the current period, the Group's construction in progress showed no signs of impairment, and therefore no test for impairment was performed.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Right-of-use assets

RMB

Items	Houses and buildings
I. Gross carrying value	
1. Beginning balance	1,041,335,433.58
2. Additions during the period	48,626,026.94
3. Deductions during the period	20,937,428.44
4. Ending balance	**1,069,024,032.08**
II. Accumulated depreciation	
1. Beginning balance	437,375,263.91
2. Additions during the period	76,528,197.36
3. Deductions during the period	2,791,657.13
4. Ending balance	**511,111,804.14**
III. Carrying value	
1. Closing carrying value	**557,912,227.94**
2. Opening carrying value	603,960,169.67

15. Intangible assets

RMB

Items	Land use rights	Patented technology	Software	Total
I. Gross carrying value				
1. Beginning balance	353,735,492.41	471,807,367.94	231,740,807.76	1,057,283,668.11
2. Additions during the period	–	–	24,187,809.37	24,187,809.37
(1) Purchase	–	–	707,547.17	707,547.17
(2) Transferred from construction in progress	–	–	23,480,262.20	23,480,262.20
3. Differences arising from translation of foreign currency financial statements	–	–	(238,649.75)	(238,649.75)
4. Ending balance	**353,735,492.41**	**471,807,367.94**	**255,689,967.38**	**1,081,232,827.73**
II. Accumulated amortization				
1. Beginning balance	48,771,365.40	283,562,511.54	147,119,627.12	479,453,504.06
2. Additions during the period	3,904,892.56	44,148,432.99	16,954,595.56	65,007,921.11
(1) Provisions	3,904,892.56	44,148,432.99	16,954,595.56	65,007,921.11
3. Differences arising from translation of foreign currency financial statements	–	–	(238,642.72)	(238,642.72)
4. Ending balance	**52,676,257.96**	**327,710,944.53**	**163,835,579.96**	**544,222,782.45**
III. Carrying value				
1. Closing carrying value	**301,059,234.45**	**144,096,423.41**	**91,854,387.42**	**537,010,045.28**
2. Opening carrying value	304,964,127.01	188,244,856.40	84,621,180.64	577,830,164.05

As at the end of the current period, the Group's intangible assets from internal R&D accounted for 26.83% of the closing carrying value of intangible assets.

As at the end of the current period, the Group had no land use rights without proper title certificates.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Goodwill

(1) Gross carrying value of goodwill

RMB

Name of the investee or item resulting in goodwill	Beginning balance	Addition during the period: Acquired through business combination	Addition during the period: Others	Deduction during the period: Disposal	Deduction during the period: Others	**Ending balance**
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	1,092,335,348.25	–	–	–	–	**1,092,335,348.25**

(2) Provision for impairment of goodwill

RMB

Name of the investee or item resulting in goodwill	Beginning balance	Addition during the period: Provisions	Addition during the period: Others	Deduction during the period: Disposal	Deduction during the period: Others	**Ending balance**
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	5,721,395.06	–	–	–	–	**5,721,395.06**

(3) Relevant information of assets group or assets group portfolio to which goodwill is allocated

Name	**Composition and basis of the asset group or portfolio to which it belongs**	**Operating segments and basis**	**Consistency with prior years**
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	Fixed assets, intangible assets, development expenses and long-term deferred expenses among the long-term assets of Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	Titan New Power segment	Yes

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Long-term deferred expenses

RMB

Items	Beginning balance	Addition during the period	Amortized amount during the period	**Ending balance**
Seedlings	1,219,418.95	–	151,376.14	**1,068,042.81**
Renovation and upgrade of self-owned plants	192,192,031.31	1,082,132.79	9,523,759.43	**183,750,404.67**
Renovation and upgrade of leased plants	392,693,112.31	6,762,810.84	30,786,261.56	**368,669,661.59**
Others	4,720,716.15	4,959,111.38	1,288,933.99	**8,390,893.54**
Total	590,825,278.72	12,804,055.01	41,750,331.12	**561,879,002.61**

18. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Items	**Ending balance**		Beginning balance	
	Deductible temporary differences	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	**2,967,270,173.19**	**445,090,525.98**	2,978,842,474.51	446,826,371.17
Equity-based incentives	**138,512,069.08**	**20,776,810.37**	52,243,181.57	7,836,477.24
Lease liabilities	**578,714,521.34**	**86,807,178.21**	624,739,363.42	93,710,904.51
Deductible losses	**81,311,766.29**	**12,196,764.94**	105,602,656.32	15,840,398.45
Tax-accounting differences of amortization of intangible assets	**97,344,472.38**	**14,601,670.86**	80,846,260.71	12,126,939.11
Unrecognized intra-group gains and losses	**–**	**–**	14,545,476.33	2,181,821.45
Sub-total	**3,863,153,002.28**	**579,472,950.36**	3,856,819,412.86	578,522,911.93

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) Deferred tax liabilities before offsetting

RMB

Items	Ending balance Taxable temporary differences	Ending balance Deferred tax liabilities	Beginning balance Taxable temporary differences	Beginning balance Deferred tax liabilities
Accelerated depreciation of fixed assets	**6,001,429.44**	**900,214.41**	7,275,136.09	1,091,270.41
Right-of-use assets	**557,912,227.94**	**83,686,834.19**	603,960,169.67	90,594,025.45
Sub-total	**563,913,657.38**	**84,587,048.60**	611,235,305.76	91,685,295.86

(3) The net balances of deferred tax assets or liabilities after offsetting

RMB

Items	Ending balance Offset amount of deferred tax assets and liabilities at the end of the period	Ending balance Deferred tax assets or liabilities after offsetting	Beginning balance Offset amount of deferred tax assets and liabilities at the end of the period	Beginning balance Deferred tax assets or liabilities after offsetting
Deferred tax assets	**84,587,048.60**	**494,885,901.76**	–	578,522,911.93
Deferred tax liabilities	**84,587,048.60**	**–**	–	91,685,295.86

(4) Deductible losses and other temporary difference of unrecognized deferred tax assets:

RMB

Items	Ending balance	Beginning balance
Deductible losses	**1,396,741,865.72**	1,177,095,723.26
Temporary differences	**141,360,762.68**	142,221,132.92
Total	**1,538,102,628.40**	1,319,316,856.18

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Deferred tax assets/deferred tax liabilities *(Continued)*

(5) The deductible losses of unrecognized deferred tax assets will expire in the following years:

RMB

	Ending balance	Beginning balance
2026	–	1,421,181.60
2027	256,708,419.35	258,494,374.56
2028	125,105,594.42	125,105,594.42
2029	494,248,717.14	494,248,717.14
2030	297,825,855.54	–
2030 and beyond	–	297,825,855.54
2031 and beyond	222,853,279.27	–
Total	1,396,741,865.72	1,177,095,723.26

19. Other non-current assets

RMB

Item	Ending balance	Beginning balance
Prepaid equipment payment	262,068.00	292,868.00

20. Assets with restricted ownership or usage rights

RMB

Item	Ending balance	Beginning balance	Reason for being restricted
Cash and cash equivalents	785,993,666.43	884,846,116.71	Notes collateral, judicial freeze, deposit pledge and account freeze

21. Short-term borrowings

(1) Classification of short-term borrowings

RMB

Items	Ending balance	Beginning balance
Credit borrowings	46,229,420.00	200,137,500.02
Discounted notes that are not derecognized	15,417,540.71	127,867,834.73
Total	61,646,960.71	328,005,334.75

Note: As at the end of the current period, the annual interest rate of the above borrowings ranged from 0.95% to 3.62%.

(2) As at the end of the current period, the Group had no outstanding short-term borrowings that were overdue.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Notes payable

RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	**3,632,617,718.85**	3,661,493,401.82

23. Accounts payable

(1) *Presentation of accounts payable*

RMB

Items	Ending balance	Beginning balance
Accounts payable	**6,206,495,040.65**	4,086,022,466.26
Construction and equipment costs payable	**273,701,950.77**	384,327,136.86
Total	**6,480,196,991.42**	4,470,349,603.12

(2) *The aging analysis of accounts payable based on invoice dates is as follows:*

RMB

Items	Ending balance	Beginning balance
Within 1 year	**6,461,224,473.58**	4,405,940,415.48
1-2 years	**479,000.00**	8,603,500.00
2-3 years	**5,000.00**	43,618,721.64
Over 3 years	**18,488,517.84**	12,186,966.00
Total	**6,480,196,991.42**	4,470,349,603.12

24. Contract liabilities

(1) *Contract liabilities*

RMB

Item	Ending balance	Beginning balance
Advance payment from customers for goods	**17,403,098,947.23**	12,873,254,878.42

The Group accounts for the advance payment from customers for goods based on goods sales contracts as contract liabilities, and the related contract liabilities are recognized as sales revenue when the control of the goods is transferred to the customer.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. Employee compensation payable

(1) Presentation of employee compensation payable

RMB

Items	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
1. Short-term employee compensation	590,912,685.16	1,788,393,810.79	1,937,519,462.70	**441,787,033.25**
2. Post-employment welfare – defined contribution plan	8,607,696.65	121,129,062.05	121,141,659.94	**8,595,098.76**
Total	599,520,381.81	1,909,522,872.84	2,058,661,122.64	**450,382,132.01**

(2) Presentation of short-term employee compensation

RMB

Items	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
I. Wages or salaries, bonuses, allowances and subsidies	587,918,457.55	1,618,204,615.32	1,766,964,383.81	**439,158,689.06**
II. Staff welfare	144,479.99	33,212,391.51	33,133,656.78	**223,214.72**
III. Social insurance	2,237,213.79	85,083,250.89	85,436,648.63	**1,883,816.05**
Including: Medical insurance	1,295,055.36	52,004,019.72	52,005,445.50	**1,293,629.58**
Work-related injury insurance	283,349.25	6,864,906.61	6,858,106.29	**290,149.57**
Maternity insurance	60,422.51	5,210,792.23	5,203,543.19	**67,671.55**
National insurance	598,386.67	21,003,532.33	21,369,553.65	**232,365.35**
IV. Housing funds	193,419.14	50,218,456.64	50,314,788.64	**97,087.14**
V. Labor education & union	419,114.69	1,675,096.43	1,669,984.84	**424,226.28**
Total	590,912,685.16	1,788,393,810.79	1,937,519,462.70	**441,787,033.25**

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. Employee compensation payable *(Continued)*

(3) Presentation of defined contribution plan

RMB

Items	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
1. Basic pension insurance	8,198,546.87	117,288,905.74	117,301,766.21	**8,185,686.40**
2. Unemployment insurance	409,149.78	3,840,156.31	3,839,893.73	**409,412.36**
Total	8,607,696.65	121,129,062.05	121,141,659.94	**8,595,098.76**

The Group participates in pension and unemployment insurance plans established by government authorities in accordance with relevant regulations. Under these plans, the Company and its domestic subsidiaries pay 16.00% and 0.50% of the employees' basic salaries to these plans respectively on a monthly basis. Apart from the monthly contributions mentioned above, the Group has no further payment obligations. The corresponding expenditure is included in the profit or loss for the current period when incurred.

The Group's contributions payable to the pension and unemployment insurance plans for the six months ended June 30, 2026 amounted to RMB117,288,905.74 and RMB3,840,156.31, respectively (six months ended June 30, 2025: RMB106,575,057.39 and RMB3,706,702.26). As at June 30, 2026, the Group had contributions payable of RMB8,185,686.40 and RMB409,412.36 which were due as at the end of the current period but not yet paid to pension and unemployment insurance plans, respectively. Such amounts were paid after the reporting period.

26. Taxes and surcharges payable

RMB

Items	**Ending balance**	Beginning balance
Value-added tax	**51,290,246.25**	39,673,204.18
EIT	**21,309,150.25**	10,138,472.05
Withholding and payment of personal income tax	**8,259,546.80**	12,473,698.87
Urban maintenance and construction tax	**6,465,501.17**	3,096,609.93
Property tax	**3,701,532.35**	3,868,868.55
Stamp duty	**3,439,319.69**	2,256,735.16
Education surcharges	**2,771,913.08**	1,327,535.22
Local educational surcharges	**1,847,842.82**	884,329.02
Land use tax	**274,435.75**	397,097.90
Others	**25,899.32**	747,770.80
Total	**99,385,387.48**	74,864,321.68

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Other payables

RMB

Item	Ending balance	Beginning balance
Other payables	**161,482,325.46**	179,745,312.03

(1) Other payables by nature of payment

RMB

Items	Ending balance	Beginning balance
Security deposits	**49,251,562.83**	43,193,288.17
Rental and property fee	**21,930,384.42**	37,107,879.97
Reimbursement to employees	**2,400,586.88**	5,779,819.74
Others	**87,899,791.33**	93,664,324.15
Total	**161,482,325.46**	179,745,312.03

As at the end of the current period, the Group had no other payables with an aging of more than one year and a significant amount.

28. Non-current liabilities maturing within one year

RMB

Items	Ending balance	Beginning balance
Long-term borrowings maturing within 1 year (Note (V). 30)	**2,040,927,366.34**	902,779,477.97
Lease liabilities maturing within 1 year (Note (V). 31)	**152,495,597.75**	146,362,793.69
Total	**2,193,422,964.09**	1,049,142,271.66

29. Other current liabilities

RMB

Item	Ending balance	Beginning balance
Endorsed bank acceptance bills not derecognized	**116,391,673.38**	212,336,740.23

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Long-term borrowings

(1) Categories of long-term borrowings

RMB

Items	Ending balance	Beginning balance
Credit borrowings	**2,790,594,466.68**	2,719,350,991.99
Less: Long-term borrowings maturing within 1 year (Note (V). 28)	**2,040,927,366.34**	902,779,477.97
Long-term borrowings maturing after 1 year	**749,667,100.34**	1,816,571,514.02

As at the end of the current period, the annual interest rates of the above borrowings ranged from 2.25% to 2.55%.

31. Lease liabilities

RMB

Items	Ending balance	Beginning balance
Lease liabilities	**601,562,347.03**	653,072,614.07
Less: Unrecognized financing expenses	**22,847,825.69**	28,333,250.65
Less: Lease liabilities included in non-current liabilities maturing within one year (Note (V). 28)	**152,495,597.75**	146,362,793.69
Net amount	**426,218,923.59**	478,376,569.73

The lease liabilities of the Group are analyzed by the maturity of the undiscounted remaining contractual obligations as follows:

RMB

Items	Ending balance	Beginning balance
Within 1 year	**165,185,284.02**	158,620,918.71
1-2 years	**163,906,174.28**	158,124,837.52
2-5 years	**272,470,888.73**	336,326,857.84
Total	**601,562,347.03**	653,072,614.07

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

32. Deferred income

RMB

Item	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
Government grants	117,475,944.04	4,632,533.59	9,410,230.67	**112,698,246.96**

33. Share capital

Share capital

RMB

	Beginning balance	Addition or deduction during the period Issuance of new shares (Note)	**Ending balance**
Total shares	1,566,163,034.00	108,058,400.00	**1,674,221,434.00**

Note: On February 11, 2026, the Company issued 107,658,400 ordinary H Shares at an issue price of HK$45.80 per share (excluding any shares issued pursuant to the exercise of the over-allotment option). In addition, on March 8, 2026, the Company partially exercised the over-allotment option and issued 400,000 ordinary H Shares. Following the completion of the public offering of H Shares, the corresponding H Share capital amounted to RMB108,058,400.00, with a par value of RMB1 per share. The total proceeds from the public offering of H Shares amounted to HK$4,947,846,687.98. After deducting issuance expenses, the actual net proceeds from this offering amounted to RMB4,290,400,985.82, of which RMB108,058,400.00 was credited to share capital, and RMB4,182,342,585.82 was credited to capital reserves.

34. Capital reserves

RMB

Items	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
Share premium	3,906,921,752.82	4,182,342,585.82	–	**8,089,264,338.64**
Other capital reserve	274,538,467.10	89,429,645.49	–	**363,968,112.59**
Total	4,181,460,219.92	4,271,772,231.31	–	**8,453,232,451.23**

Note: For the six months ended June 30, 2026, the Company's other capital reserves increased by RMB89,429,645.49 due to the recognition of equity-based incentive expenses related to the employee share ownership scheme. The minority interest of a subsidiary increased by RMB1,330,382.11 due to the recognition of equity-based incentive expenses related to the Company's employee share ownership scheme.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

35. Treasury shares

RMB

Item	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
Share repurchase	346,256,226.11	–	–	**346,256,226.11**

36. Other comprehensive income

RMB

Items	Beginning balance	Amount for the period: Amount before income tax for the current period	Less: income tax expenses	Amount attributable to the owner of the parent company after tax	Amount attributable to minority shareholders after tax	Transferred to retained earnings	**Ending balance**
I. Other comprehensive income that cannot be reclassified into profit or loss	–	–	–	–	–	–	**-**
II. Other comprehensive income that will be reclassified into profit or loss	4,172,876.56	(9,481,626.86)	–	(9,442,191.21)	(39,435.65)	–	**(5,269,314.65)**
Differences arising from translation of foreign currency financial statements	4,172,876.56	(9,481,626.86)	–	(9,442,191.21)	(39,435.65)	–	**(5,269,314.65)**
Total	4,172,876.56	(9,481,626.86)	–	(9,442,191.21)	(39,435.65)	–	**(5,269,314.65)**

37. Surplus reserves

RMB

Item	Beginning balance	Addition during the period	Deduction during the period	**Ending balance**
Statutory surplus reserves	783,081,517.00	–	–	**783,081,517.00**

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

38. Undistributed profits

RMB

Items	**Amount for the current period**	Amount for last period
Beginning balance of the undistributed profits	**6,951,305,865.08**	5,474,608,602.48
Add: Net profit attributable to shareholders of the parent company in the current period	**956,057,472.49**	740,250,720.23
Less: Ordinary dividends payable	**477,300,842.31**	87,080,595.57
Ending balance of the undistributed profits	**7,430,062,495.26**	6,127,778,727.14

The Company proposes not to distribute any interim dividend for the six months ended June 30, 2026.

39. Operating revenue and operating cost

(1) Operating revenue and operating cost

RMB

	Amount for the period		Amount for last period	
Items	**Revenue**	**Cost**	Revenue	Cost
Main business	**8,181,974,665.36**	**5,572,316,495.83**	6,607,032,666.10	4,379,017,951.96
Other business	**7,048,327.62**	**305,585.82**	3,371,240.70	205,395.35
Total	**8,189,022,992.98**	**5,572,622,081.65**	6,610,403,906.80	4,379,223,347.31

The Group recognized the operating revenue at a point in time.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

39. Operating revenue and operating cost *(Continued)*

(2) Breakdowns of operating revenue and operating cost

RMB

Contract classification	Amount for the period		Amount for last period	
	Operating revenue	**Operating cost**	Operating revenue	Operating cost
By types of products				
Lithium-ion battery intelligent equipment	**6,120,587,857.11**	**4,123,069,292.27**	4,545,224,048.59	2,951,885,034.21
Photovoltaic intelligent equipment	**182,678,760.80**	**147,956,990.88**	531,330,471.35	395,191,667.58
Intelligent logistics systems	**1,157,828,449.67**	**953,146,431.65**	425,457,423.20	332,832,863.72
3C intelligent equipment	**88,624,530.91**	**67,350,913.98**	63,001,922.19	37,625,231.05
Others	**632,255,066.87**	**280,792,867.05**	1,042,018,800.77	661,483,155.40
Total	**8,181,974,665.36**	**5,572,316,495.83**	6,607,032,666.10	4,379,017,951.96
By operating regions				
Domestic	**5,741,958,320.33**	**3,954,977,749.49**	5,452,734,802.98	3,689,531,995.69
Foreign	**2,440,016,345.03**	**1,617,338,746.34**	1,154,297,863.12	689,485,956.27
Total	**8,181,974,665.36**	**5,572,316,495.83**	6,607,032,666.10	4,379,017,951.96

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

39. Operating revenue and operating cost *(Continued)*

(3) Performance obligation

Item	The timing of fulfilling the performance obligation	Key payment term	The nature of the Company's commitment to transfer goods	Whether it is the principal	The amounts expected to be refunded to customers that the Company undertakes	The type of quality assurance provided by the Company and related obligations
Sales of special equipment	The performance obligations are fulfilled after the special equipment has been delivered and accepted by the customer.	Generally, after signing the sales contract, the customer is required to pay approximately 30% of the total contract amount as a deposit. When the equipment is ready for delivery, the customer is required to pay another instalment, equivalent to approximately 30% of the total contract amount. After the equipment has been installed, commissioned and accepted by the customer, the customer will pay another instalment, equivalent to approximately 30% of the total contract amount. The remaining approximately 10% of the contract amount is held as a warranty deposit and will be paid after the expiry of the one-year warranty period.	Special equipment	Yes	N/A	The Company provides a quality assurance that the products sold meet the established standards. It does not constitute a separate performance obligation.

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Taxes and surcharges

RMB

Items	**Amount for the period**	Amount for last period
Urban maintenance and construction tax	**32,176,377.89**	20,241,511.03
Education surcharges	**22,988,689.82**	14,472,132.45
Property tax	**9,720,404.63**	5,199,942.79
Stamp duty	**5,954,140.60**	3,600,652.22
Land use tax	**548,871.54**	280,283.85
Others	**3,028,275.18**	8,451,793.78
Total	**74,416,759.66**	52,246,316.12

41. Selling and distribution expenses

RMB

Items	**Amount for the period**	Amount for last period
Employee compensation	**69,318,924.19**	57,993,803.02
Maintenance fees	**26,273,705.48**	30,189,278.71
Travelling expenses	**24,733,077.08**	27,075,668.74
Advertisement fees	**9,793,885.39**	7,335,574.42
Intermediary organization fees	**10,202,388.30**	10,334,826.06
Business entertainment expenses	**6,620,876.14**	7,100,719.31
Office expenses	**1,818,273.38**	2,127,204.04
Others	**10,411,883.05**	8,474,523.74
Total	**159,173,013.01**	150,631,598.04

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

42. General and administrative expenses

RMB

Items	Amount for the period	Amount for last period
Employee compensation	**273,888,685.56**	320,196,119.69
Intermediary organization fees	**54,557,909.43**	55,801,629.48
Depreciation and amortization expenses	**53,529,536.12**	53,416,536.36
Rental expense and property service fees	**47,705,538.75**	45,871,129.42
Share-based payment expenses	**35,794,319.77**	14,716,187.61
Office expenses	**23,603,601.91**	30,300,751.46
Travelling expenses	**10,559,679.34**	9,861,216.70
Entertainment expenses	**9,410,398.35**	3,645,547.62
Others	**46,169,178.15**	57,618,191.07
Total	**555,218,847.38**	591,427,309.41

43. Research and development expenses

RMB

Items	Amount for the period	Amount for last period
Employee compensation	**677,440,671.00**	705,916,967.69
Share-based payment expenses	**42,078,547.97**	10,613,468.24
Raw materials	**40,868,580.95**	43,329,041.64
Travelling expenses	**38,416,422.59**	36,212,458.30
Depreciation and amortization expenses	**13,614,184.29**	15,567,175.09
Technological cooperation fee	**7,405,074.90**	9,204,044.95
Office expenses	**2,505,745.41**	2,254,009.14
Others	**4,366,354.95**	3,738,936.19
Total	**826,695,582.06**	826,836,101.24

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

44. Financial costs

RMB

Items	**Amount for the period**	Amount for last period
Interest expenses	**48,529,643.31**	73,893,803.14
Including: Interest expense on lease liabilities	**7,188,642.41**	8,514,395.01
Less: Interest income	**43,752,122.03**	22,087,983.40
Handling fee	**3,239,006.52**	4,845,011.87
Exchange gains or losses	**123,583,828.64**	(35,040,599.99)
Total	**131,600,356.44**	21,610,231.62

45. Other income

RMB

Sources of other income	**Amount for the period**	Amount for last period
Software value-added tax refund and deduction of input value-added tax	**117,338,604.64**	52,691,427.91
Government grant	**13,073,878.15**	22,098,897.09
Others	**2,893,184.57**	3,699,465.14
Total	**133,305,667.36**	78,489,790.14

46. Investment income

RMB

Sources of investment income	**Amount for the period**	Amount for last period
Investment income from disposal of financial assets held for trading	**20,925,857.58**	7,422,733.10
Investment income from wealth management products during the holding period	**2,575,334.64**	1,539,882.36
Others	**(1,000,229.88)**	(4,763,147.67)
Total	**22,500,962.34**	4,199,467.79

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

47. Gains from the changes in fair value

RMB

Sources of gains from the changes in fair value	**Amount for the period**	Amount for last period
Gains on changes of fair value of bank wealth management products	**6,593,068.92**	1,078,145.21

48. Gains from credit impairment

RMB

Items	**Amount for the period**	Amount for last period
Gains from credit impairment of account receivable	**104,049,817.62**	232,066,547.17
Gains from credit impairment of other receivables	**743,367.55**	1,846,832.72
Total	**104,793,185.17**	233,913,379.89

49. Losses from asset impairment

RMB

Items	**Amount for the period**	Amount for last period
Loss from write-down of inventories	**(129,889,941.75)**	(98,879,938.28)
Impairment loss on contract assets	**(10,624,749.29)**	(5,682,687.45)
Total	**(140,514,691.04)**	(104,562,625.73)

50. Non-operating revenue

RMB

Items	**Amount for the period**	Amount for last period
Government grants	**229,167.05**	274,999.98
Others	**19,273,191.68**	12,286,223.87
Total	**19,502,358.73**	12,561,223.85

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

51. Non-operating Expenses

RMB

Items	Amount for the period	Amount for last period
Losses on disposal of non-current assets	**3,045,978.13**	1,082,593.36
Others	**11,940,257.17**	7,862,376.32
Total	**14,986,235.30**	8,944,969.68

52. Income Tax Expenses

RMB

Items	Amount for the period	Amount for last period
Income tax expenses for the current period	**81,733,040.77**	6,420,585.79
Deferred income tax expenses	**(8,048,285.69)**	83,729,397.56
Total	**73,684,755.08**	90,149,983.35

Reconciliation between income tax expenses and accounting profit is as follows:

RMB

Items	Amount for the period	Amount for last period
Total profits	**1,000,490,668.96**	805,163,414.53
Income tax expenses calculated at tax rate of 15%	**150,073,600.34**	120,774,512.18
Effect of different tax rates applicable to subsidiaries	**810,812.17**	615,845.74
Effect of non-deductible costs, expenses and losses	**8,169,866.19**	8,471,280.70
Effect of non-taxable income	**(515,625.00)**	(515,625.00)
Effect of use of deductible losses on previously unrecognized deferred income tax asset	**(873,696.04)**	(6,009.77)
Tax effect of deductible losses and deductible temporary difference of unrecognized deferred tax assets for the current period	**35,576,954.18**	49,975,923.50
Effect on additional deduction for R&D expenses	**(124,765,906.62)**	(93,586,751.45)
Adjustment for effect of income tax for the prior period	**5,208,749.86**	4,420,807.45
Income tax expenses	**73,684,755.08**	90,149,983.35

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Items in the Cash Flow Statement

(1) Cash related to operating activities

Cash received relating to other operating activities

RMB

Items	**Amount for the period**	Amount for last period
Government grants	**6,629,764.53**	44,149,971.20
Interest income	**38,860,018.32**	16,864,374.41
Operating security deposits	**29,410,938.68**	47,283,289.15
Others	**24,685,151.53**	24,004,269.21
Total	**99,585,873.06**	132,301,903.97

Cash paid relating to other operating activities

RMB

Items	**Amount for the period**	Amount for last period
Cash expenses	**533,712,663.34**	450,053,622.08
Others	**45,190,963.52**	179,534,276.71
Total	**578,903,626.86**	629,587,898.79

(2) Cash related to investing activities

Cash received relating to other investing activities

RMB

Items	**Amount for the period**	Amount for last period
Option premium income	**–**	264,500.00
Total	**–**	264,500.00

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Items in the Cash Flow Statement *(Continued)*

(3) Cash related to financing activities

Cash received relating to other financing activities

RMB

Items	Amount for the period	Amount for last period
Restricted shares	–	1,651,956.00
Total	–	1,651,956.00

Cash paid relating to other financing activities

RMB

Items	Amount for the period	Amount for last period
Payment of lease fees	**89,948,924.48**	123,323,570.14
Listing expenses	**85,110,292.84**	15,317,057.49
Total	**175,059,217.32**	138,640,627.63

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

54. Supplementary Information for Cash Flow Statement

(1) Supplementary information for cash flow statement

RMB

Supplementary information	**Amount for the period**	Amount for last period
(1) Adjust net profit to cash flow from operating activities		
Net profit	**926,805,913.88**	715,013,431.18
Add: Asset impairment provision	**140,514,691.04**	104,562,625.73
Credit loss provision	**(104,793,185.17)**	(233,913,379.89)
Depreciation of fixed assets	**94,312,245.95**	82,313,549.95
Depreciation of right-of-use assets	**76,528,197.36**	71,052,767.97
Amortization of intangible assets	**65,007,921.11**	61,858,592.32
Amortization of long-term deferred expenses	**41,750,331.12**	41,071,118.11
Losses on retirement of fixed assets	**3,045,978.13**	1,052,646.45
Gains from the changes in fair value	**(6,593,068.92)**	(1,078,145.21)
Financial costs	**172,113,471.95**	38,853,203.15
Investment income	**(22,500,962.34)**	(8,962,615.46)
(Increase) decrease in deferred tax assets	**(950,038.43)**	48,319,613.02
(Decrease) increase in deferred tax liabilities	**(7,098,247.26)**	35,409,784.54
Increase in inventories	**(2,046,466,137.92)**	(1,357,441,398.01)
(Increase) decrease in operating receivables	**(1,718,901,070.53)**	598,447,670.76
Increase in operating payables	**6,379,548,529.19**	2,131,163,009.74
Equity-settled share-based payment	**92,496,839.11**	25,696,258.99
Net cash flows from operating activities	**4,084,821,408.27**	2,353,418,733.34
(2) Net changes in cash and cash equivalents		
Ending balance of cash and cash equivalents	**11,839,717,837.71**	4,260,575,920.43
Less: Beginning balance of cash and cash equivalents	**4,993,148,447.01**	3,360,355,278.42
Net increase in cash and cash equivalents	**6,846,569,390.70**	900,220,642.01

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

54. Supplementary Information for Cash Flow Statement *(Continued)*

(2) Component of cash and cash equivalents

RMB

Items	Ending balance	Beginning balance
I. Cash	**11,839,717,837.71**	4,993,148,447.01
Including: Cash on hand	**27,409.18**	22,202.91
Bank deposits readily available for payment	**11,839,690,428.53**	4,993,126,244.10
II. Cash equivalents	**–**	–
II. Cash and cash equivalents balance at the end of the period	**11,839,717,837.71**	4,993,148,447.01

(3) Monetary funds other than cash and cash equivalents

RMB

Items	Ending balance	Beginning balance	Reason
Other monetary funds	**785,993,666.43**	884,846,116.71	Restricted use
Time deposits	**341,674,474.25**	178,696,401.39	Time deposits with a maturity of over 3 months but within 1 year
Total	**1,127,668,140.68**	1,063,542,518.10	/

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

55. Foreign currency monetary items

(1) Foreign currency monetary items

Items	Closing foreign currency balance	Translation exchange rate	Closing RMB amounts
Cash and cash equivalents			
Including: HK$	**689,944.27**	0.8686	**599,285.59**
KRW	**98,954,515.00**	0.0044	**435,696.73**
SGD	**89,581.57**	5.2605	**471,243.85**
MYR	**36,579.79**	1.6734	**61,212.62**
US$	**173,495,228.35**	6.8109	**1,181,658,650.75**
EUR	**48,921,543.47**	7.7671	**379,978,520.29**
JPY	**850,988,084.00**	0.0420	**35,779,793.99**
TRY	**1,793,308.92**	0.1458	**261,464.44**
HUF	**63,271,218.00**	0.0220	**1,389,435.95**
VND	**8,102,406,060.00**	0.0003	**2,430,721.82**
MXN	**8,022,071.02**	0.3897	**3,126,201.08**
GBP	**54,981.68**	9.0145	**495,632.35**
SEK	**7,229,952.17**	0.7003	**5,063,135.50**
CAD	**25,549,343.43**	4.7830	**122,203,320.60**
Total			**1,733,954,315.56**

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

55. Foreign currency monetary items *(Continued)*

(1) *Foreign currency monetary items (Continued)*

Items	Closing foreign currency balance	Translation exchange rate	Closing RMB amounts
Accounts receivable			
US$	**77,758,647.60**	6.8109	**529,606,372.96**
EUR	**89,851,671.66**	7.7671	**697,886,918.96**
JPY	**234,699,005.11**	0.0420	**9,867,919.67**
VND	**1,337,776,809.43**	0.0003	**346,581.87**
SEK	**33,933,319.91**	0.7003	**23,764,493.25**
Total			**1,261,472,286.71**
Other receivables			
US$	**41,039.30**	6.8109	**279,514.55**
EUR	**656,041.51**	7.7671	**5,095,540.01**
GBP	**5,280.00**	9.0145	**47,596.56**
KRW	**128,001,198.08**	0.0044	**563,584.00**
HUF	**22,715,026.12**	0.0220	**498,848.71**
MYR	**388,049.97**	1.6734	**649,369.08**
VND	**3,999,992.06**	0.0003	**1,036.29**
Total			**7,135,489.20**
Accounts payable			
VND	**145,367,899,871.61**	0.0003	**37,660,899.95**
HUF	**46,060,899.13**	0.0220	**1,011,551.56**
MXN	**671,514.29**	0.3897	**261,676.52**
US$	**656,742.70**	6.8109	**4,473,008.83**
EUR	**1,103,703.00**	7.7671	**8,572,571.60**
Total			**51,979,708.46**
Other payables			
US$	**384,486.74**	6.8109	**2,618,700.77**
EUR	**1,370,987.63**	7.7671	**10,648,598.05**
KRW	**10,140,923.90**	0.0044	**44,650.07**
HUF	**203,226,019.88**	0.0220	**4,463,082.60**
MYR	**44,620.00**	1.6734	**74,667.82**
TRY	**6,796.82**	0.1458	**991.03**
SEK	**1,171,106.95**	0.7003	**820,160.34**
VND	**173,446,085.01**	0.0003	**44,935.20**
Total			**18,715,785.88**

(V) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

56. Lease

(1) As a lessee

The Group leased a number of assets, including offices, staff dormitories and other assets, with leasing terms ranging from 1 to 5 years. The above-mentioned right-of-use assets cannot be used as collateral, for guarantee or for other purposes.

RMB

Items	**Amount for the period**	Amount for last period
Interest expenses on lease liabilities	**7,188,642.41**	8,514,395.01
Simplified handling costs for short-term leases recognized in profit or loss for the current period	**31,606,832.95**	20,726,647.32
Total cash outflows related to leases	**121,431,399.94**	144,050,217.46

(VI) RESEARCH AND DEVELOPMENT EXPENSES

1. Presented by nature of expense

RMB

Items	**Amount for the period**	Amount for last period
Employee compensation	**677,440,671.00**	705,916,967.69
Share-based payment expense	**42,078,547.97**	10,613,468.24
Raw materials	**40,868,580.95**	43,329,041.64
Traveling expense	**38,416,422.59**	36,212,458.30
Depreciation and amortization expenses	**13,614,184.29**	15,567,175.09
technological cooperation fee	**7,405,074.90**	9,204,044.95
Office expenses	**2,505,745.41**	2,254,009.14
Others	**4,366,354.95**	3,738,936.19
Total	**826,695,582.06**	826,836,101.24
Including: Expensed research and development expenses	**826,695,582.06**	826,836,101.24
Capitalized research and development expenses	**–**	–

(VII) CHANGES IN THE SCOPE OF CONSOLIDATION

1. Change in scope of consolidation due to other reasons

The subsidiary cancelled during the period:

RMB

Name of the enterprise	Reason for the change
Zhuhai Hengqin Lead Intelligent Enterprise Management Co., Ltd. (珠海橫琴先導智能企業管理有限公司)	Cancellation

(VIII) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

Name of subsidiary	Principal place of business and incorporation	Registered capital and currency	Business nature	Shareholding percentage (%) Direct	Indirect	Voting rights percentage (%)	Acquisition method
Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司)	Wuxi, Jiangsu	RMB30.00 million	Manufacturing	100.00	–	100.00	Investment in establishment
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	Zhuhai, Guangdong	RMB20.00 million	Manufacturing	100.00	–	100.00	Business combinations not involving entities under common control
LEAD INTELLIGENT EQUIPMENT (USA) LLC	United States	US$2.80 million	Sales services	100.00	–	100.00	Investment in establishment
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司)	Wuxi, Jiangsu	RMB24.477 million	Manufacturing	81.71	–	100.00	Investment in establishment
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	Wuxi, Jiangsu	RMB24.5425 million	Manufacturing	81.49	–	100.00	Investment in establishment
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	Wuxi, Jiangsu	RMB24.2257 million	Manufacturing	82.56	–	100.00	Investment in establishment
Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司)	Wuxi, Jiangsu	RMB20.00 million	Manufacturing	99.00	–	100.00	Investment in establishment
Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司)	Shanghai	RMB15.00 million	Manufacturing	100.00	–	100.00	Investment in establishment
Lead Intelligent Equipment (Hong Kong) Co., Limited	Hong Kong, China	HK$290.70 million	Commercial services	100.00	–	100.00	Investment in establishment

(IX) GOVERNMENT GRANTS

(1) Liability items involving government grants

RMB

Items	Beginning balance	Increase for the current period	Recognized in non-operating revenue during the period	Recognized in other income during the period	**Ending balance**	Asset-related/ income-related
Deferred income	114,518,006.77	4,500,000.00	229,167.05	9,181,063.62	**109,607,776.10**	Asset-related
Deferred income	2,957,937.27	132,533.59	–	–	**3,090,470.86**	Income-related
Total	117,475,944.04	4,632,533.59	229,167.05	9,181,063.62	**112,698,246.96**	

(2) Government grants recognized in profit or loss for the current period

RMB

Type	**Amount for the period**	Amount for last period	Asset-related/ income-related
Non-operating revenue	**229,167.05**	274,999.98	Asset-related
Other income	**13,073,878.15**	22,098,897.09	Asset-related/ income-related
Total	**13,303,045.20**	22,373,897.07	

(X) DISCLOSURE OF FAIR VALUE

1. Fair Value of the Ending balance of Assets and Liabilities Measured at Fair Value

RMB

Items	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Fair value as at June 30, 2026				
I. Fair value measurement on a recurring basis				
(I) Financial assets held for trading-wealth management products	**–**	**–**	**2,164,659,376.72**	**2,164,659,376.72**
(II) Receivables financing	**–**	**–**	**1,513,956,849.11**	**1,513,956,849.11**
(III) Investment in other equity instruments	**–**	**–**	**5,000,000.00**	**5,000,000.00**
Fair value as at December 31, 2025				
I. Fair value measurement on a recurring basis				
(I) Financial assets held for trading-wealth management products	–	–	1,572,220,350.00	1,572,220,350.00
(II) Receivables financing	–	–	1,093,699,099.42	1,093,699,099.42
(III) Investment in other equity instruments	–	–	5,000,000.00	5,000,000.00

2. The Basis for Determining the Market Value of the Item Measured at Level 1 Fair Value on a Recurring Basis

N/A.

3. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for Measurement of Level 2 Fair Value on a Recurring Basis

N/A.

4. Valuation Techniques and Qualitative and Quantitative Information on Important Parameters Adopted for Measurement of Level 3 Fair Value on a Recurring Basis

N/A.

5. During the six months ended June 30, 2026, there were no transfers between Level 1, Level 2, and Level 3 within the Group.

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent company of the Group

Name of the parent company	Place of registration	Business nature	Registered capital (RMB)	Shareholding of the parent company in the Company (%)	Voting rights of the parent company in the Company (%)
Lhasa Xindao Venture Investment Co., Ltd. (拉薩欣導創業投資有限公司)	Lhasa Nyemo County	Commercial service	20.00 million	21.46	21.46

The ultimate controlling party of the Company is Wang Yanqing.

2. Subsidiaries of the Group

Please refer to Note (VIII) for relevant information of subsidiaries.

3. Other related parties of the Group

Enterprise name	Relationship with the related party
Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司)	Controlled by the actual controller of the Company
Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	Controlled by the actual controller of the Company
Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	Controlled by the actual controller of the Company
Jiangsu Alpha-Semiconductor Equipment Co., Ltd. (江蘇天芯微半導體設備有限公司)	Controlled by the actual controller of the Company
Lead Holdings Group Co., Ltd. (先導控股集團有限公司) and companies under its control (Lead Holdings Group Co., Ltd. (先導控股集團有限公司), Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司), Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司) and Wuxi Aoyun Enterprise Management Co., Ltd. (無錫遨雲企業管理有限公司))	Controlled by the actual controller of the Company

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

4. Related party transaction

(1) Sales of goods/rendering of services

RMB

Related Party	Subject matter of the related party transaction	**Amount for the period**	Amount for last period
Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries (Note)	Sales of goods and rendering of services	**/**	1,398,539,525.03
Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	Sales of goods and rendering of services	**1,579,481.17**	395,899.65
Total		**1,579,481.17**	1,398,935,424.68

Note: Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries were no longer related parties of the Group during the current period, and therefore the transaction amounts during the current period were not disclosed.

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

4. Related party transaction *(Continued)*

(2) Purchase of goods/receipt of service

RMB

Related Party	Subject matter of the related party transaction	**Amount for the period**	Amount for last period
Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	Property management and payment and withholding of utility fees	**21,996,163.80**	36,628,355.85
Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司)	Purchase of cabinet hosting services, bandwidth services, IP services, MES, etc.	**8,023,619.64**	6,514,608.11
Lead Holdings Group Co., Ltd. (先導控股集團有限公司) and companies under its control (Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司), Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司) and Wuxi Aoyun Enterprise Management Co., Ltd. (無錫遨雲企業管理有限公司))	Property leasing and payment and withholding of utility fees	**4,046,931.57**	–
Total		**34,066,715.01**	43,142,963.96

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

4. Related party transaction *(Continued)*

(3) Related rental expenses

RMB

Name of the lessor	Type of leased asset	Simplified short-term lease		Rentals paid		Interest expense on committed lease liabilities		Addition of right-of-use assets	
		Amount for the period	Amount for last period	**Amount for the period**	Amount for last period	**Amount for the period**	Amount for last period	**Amount for the period**	Amount for last period
Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	Property leasing	**-**	–	**53,456,915.52**	78,883,252.92	**3,864,514.87**	6,661,443.82	**-**	–
Lead Holdings Group Co., Ltd. (先導控股集團有限公司) and companies under its control	Property leasing	**-**	–	**36,359,554.69**	42,927,468.36	**3,292,429.56**	1,133,289.72	**24,452,444.83**	291,748,688.87
Lhasa Xindao Venture Investment Co., Ltd. (拉薩欣導創業投資有限公司)	Leasing	**1,238,938.06**	–	**1,238,938.06**	–	**-**	–	**-**	–
Total		**1,238,938.06**	–	**91,055,408.27**	121,810,721.28	**7,156,944.43**	7,794,733.54	**24,452,444.83**	291,748,688.87

(4) Remuneration of key management personnel

RMB

Name of the item	**Amount for the period**	Amount for last period
Remuneration of key management personnel	**4,520,987.66**	5,088,058.25

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

5. Amounts due to/from related parties

(1) Receivables

RMB

Name of the items	Related parties	Closing amount Book balance	Closing amount Bad debt provision	Opening amount Book balance	Opening amount Bad debt provision
Accounts receivable	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries (Note)	/	/	952,835,626.97	139,653,363.15
Contract assets	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries (Note)	/	/	298,731,150.12	14,936,557.51
Accounts receivable	Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	**182,401.22**	**9,120.06**	775,486.95	38,774.35
Contract assets	Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	**226,542.40**	**11,327.12**	–	–
Other receivables	Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	**164,799.33**	**8,239.97**	164,799.33	10,875.81
Other receivables	Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司)	**411,965.20**	**20,598.26**	411,965.20	20,598.26
Other receivables	Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司)	**341,031.78**	**17,051.59**	576,931.48	28,846.58
Other receivables	Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	**11,520.00**	**576.00**	–	–
Advances to suppliers	Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	**85,126.70**	**–**	–	–

Note: Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries were no longer related parties of the Group during the current period, and therefore the ending balances were not disclosed.

(XI) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

5. Amounts due to/from related parties *(Continued)*

(2) Payables

RMB

Name of the Items	Related parties	Closing carrying amount	Opening carrying amount
Accounts payable	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries (Note)	/	12,186,966.00
Accounts payable	Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司)	**7,345,867.38**	7,806,016.01
Contract liabilities	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries (Note)	/	2,330,871,446.59
Contract liabilities	Jiangsu Yuanfu Semiconductor Technology Co., Ltd. (江蘇元夫半導體科技有限公司)	**320,575.22**	1,366,256.82
Contract liabilities	Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司)	**699,115.04**	–
Contract liabilities	Jiangsu Alpha-Semiconductor Equipment Co., Ltd. (江蘇天芯微半導體設備有限公司)	**164,799.33**	–
Other payables	Jiangsu Hengyuntai Information Technology Co., Ltd. (江蘇恒雲太信息科技有限公司)	**161,509.43**	188,679.25
Other payables	Wuxi Junhua Property Management Co., Ltd. (無錫君華物業管理有限公司)	**21,296,475.90**	36,554,437.92
Other payables	Wuxi Aozhi Enterprise Management Co., Ltd. (無錫遨智企業管理有限公司)	**–**	26,192.43
Other payables	Wuxi Aoyun Enterprise Management Co., Ltd. (無錫遨雲企業管理有限公司)	**–**	312,255.89
Other payables	Wuxi Aochuang Enterprise Management Co., Ltd. (無錫遨創企業管理有限公司)	**–**	32,536.15

Note: Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司) and its subsidiaries were no longer related parties of the Group during the current period, and therefore the ending balances were not disclosed.

(XII) SHARE-BASED PAYMENTS

1. Overall information about share-based payments

On October 11, 2021, the Company held the 8th meeting of the fourth session of the Board of Directors to consider and approve the Resolution on the First Grant of Restricted Shares to Incentive Recipients, pursuant to which the Company agreed to grant 2,031,500 Type II restricted shares to 323 eligible incentive recipients, at the grant price of RMB35.43 per share on the grant date of October 11, 2021 (the "2021 Restricted Share Incentive Scheme"). The restricted shares were subject to a vesting period of three years commencing from the first trading day after the expiry of 12 months following the date of grant and ending on the last trading day within 48 months following the date of grant, with annual vesting ratio of 30%, 30% and 40%, respectively.

On October 14, 2022, the Company held the 18th meeting of the fourth session of the Board of Directors to consider and approve the Resolution on the First Grant of Restricted Shares to Incentive Recipients, pursuant to which the Company agreed to grant 6,225,700 Type II restricted shares to 1,296 eligible incentive recipients, at the grant price of RMB27.77 per share on the grant date of October 14, 2022 (the "2022 Restricted Share Incentive Scheme"). The restricted shares were subject to a vesting period of three years commencing from the first trading day after the expiry of 12 months following the date of grant and ending on the last trading day within 48 months following the date of grant, with annual vesting ratio of 30%, 30% and 40%, respectively.

On October 19, 2023, the Company held the 32th meeting of the fourth session of the Board of Directors to consider and approve the Resolution on the Grant of Restricted Shares to Incentive Recipients, pursuant to which the Company agreed to grant 875,000 Type II restricted shares to 52 eligible incentive recipients, at the grant price of RMB13.97 per share on the grant date of October 19, 2023 (the "2023 Restricted Share Incentive Scheme"). The restricted shares were subject to a vesting period of three years commencing from the first trading day after the expiry of 12 months following the date of grant and ending on the last trading day within 48 months following the date of grant, with annual vesting ratio of 30%, 30% and 40%, respectively.

On October 22, 2024, the Company held the 7th meeting of the fifth session of the Board of Directors to consider and approve the Resolution on the Grant of Restricted Shares to Incentive Recipients, pursuant to which the Company agreed to grant 9,110,300 Type II restricted shares to 745 eligible incentive recipients, at the grant price of RMB9.25 per share on the grant date of October 22, 2024 (the "2024 Restricted Share Incentive Scheme"). The restricted shares were subject to a vesting period of three years commencing from the first trading day after the expiry of 12 months following the date of grant and ending on the last trading day within 48 months following the date of grant, with annual vesting ratio of 30%, 30% and 40%, respectively.

On October 16, 2025, the Company held the 15th meeting of the fifth session of the Board of Directors to consider and approve the Resolution on the Grant of Restricted Shares to Incentive Recipients, pursuant to which the Company agreed to grant 9,540,000 Type II restricted shares to 1,134 eligible incentive recipients, at the grant price of RMB32.77 per share on the grant date of October 16, 2025 (the "2025 Restricted Share Incentive Scheme"). The restricted shares were subject to a vesting period of two years commencing from the first trading day after the expiry of 12 months following the date of grant and ending on the last trading day within 36 months following the date of grant, with annual vesting ratio of 50% and 50%, respectively.

(XII) SHARE-BASED PAYMENTS *(Continued)*

1. Overall information about share-based payments *(Continued)*

In 2023, the Company's subsidiaries, Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司), Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司) and Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司), implemented share incentive schemes through capital increases and share issuances. Mr. Wang Yanqing, the Chairman of the Company, directly held equity interests in Lead Technology and, as the managing partner, indirectly held equity interests in Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司), Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司) and Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司) through holding corresponding shares in the employee shareholding platforms alongside other incentive recipients. Under the share incentive scheme, employees would acquire shareholders' rights and may sell such shares after the expiry of five years from obtaining the shares in the employee shareholding platform.

Unit: Share, RMB

Category of grantees	Unlocked during the current period		Lapsed during the current period	
	Number	Amount	Number	Amount
Nil	–	–	–	–

Share options or other equity instruments outstanding at the end of the current period

Category of grantees	Restricted shares outstanding at the end of the current period	
	Exercise price	Remaining contract term
Granted to deputy general manager(s), secretary to the Board of Directors and core employees in 2024	RMB8.91 per share	1.31 years
Granted to deputy general manager(s), secretary to the Board of Directors and core employees in 2025	RMB32.49 per share	1.29 years

(XII) SHARE-BASED PAYMENTS *(Continued)*

2. Equity-settled share-based payments

Unit: RMB

Particulars	
Method for determining the fair value of equity instruments as at the grant date	The fair value is calculated using the BS option model; the fair value is based on the most recent appraised value of total equity.
Basis for determining the number of equity instruments with exercisable rights	The expected number of equity instruments with exercisable rights is estimated based on the performance criteria for each appraisal period, and is revised based on the best estimate made in accordance with subsequent information, such as the latest update on the change in the number of eligible employees
Reasons for significant differences of estimate between the current period and the previous period	Nil
Cumulative amount of equity-settled share-based payment recognized into capital reserves	290,365,209.56
Total recognized equity-settled share-based payment expenses for the current period	92,496,839.11

3. Share-based payment expenses for the period

RMB

Category of grantees	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Granted to deputy general manager(s), secretary to the Board of Directors and core employees in 2024	11,176,973.94	–
Granted to deputy general manager(s), secretary to the Board of Directors and core employees in 2025	79,583,053.66	–
Capital increase and shares issued by a subsidiary granted to the subsidiary's directors, senior management and key employees	1,736,811.51	–

(XIII) COMMITMENTS AND CONTINGENCIES

1. Significant matters of commitments

Capital Commitment

As of the balance sheet date, the irrevocable contracts for the purchase of long-term assets signed by the Group is as follows:

RMB

	Ending balance	Beginning balance
Contracted but not yet recognized in the financial statements – Commitments for the acquisition of long-term assets	**128,638,010.73**	162,577,251.22

2. Contingencies

As of the balance sheet date, the Group did not have any significant contingencies that need to be disclosed.

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

On July 20, 2026, the Company convened the 22th meeting of the fifth session of the Board of Directors, at which the Resolution on the 2026 H Share Incentive Plan was considered and approved. The Board of Directors of the Company formulated the 2026 H Share Incentive Plan (hereinafter referred to as "the Plan"). In accordance with the relevant provisions of the Plan, the Board of Directors of the Company may determine the eligible participants under the Plan based on their contributions to the Company's business development and performance growth. The source of the award shares to be granted under the Plan included the Company's H-share treasury shares, or existing H Shares purchased or acquired on-market or off-market by the trustee of the incentive trust. The maximum aggregate number of award shares available for grant under the Plan is 7,000,000 H Shares.

(XV) OTHER SIGNIFICANT MATTERS

1. Segment report

According to the internal organizational structure, management requirements and internal reporting system of the Group, the Group's operating activities are divided into two operating segments. Based on the operating segments, the Group has identified two reporting segments, namely the Lead Intelligence segment and the Titan New Power segment. These reporting segments are based on production bases. The main products provided by each of the Group's reporting segments are lithium-ion battery intelligent equipment, photovoltaic intelligent equipment, 3C intelligent equipment, intelligent logistics systems, hydrogen energy equipment, laser precision processing equipment and other products. The management of the Group regularly evaluates the operating results of these segments to determine the resources to be allocated to them and to evaluate their performance. The evaluation does not include the review of the assets and liabilities of the operating segments. Transfer transactions between segments are measured on the basis of actual transaction prices, and segment revenue and segment expenses are determined based on the actual revenue and expenses of each segment.

(XV) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Segment report *(Continued)*

(1) Segment report information

RMB

Items	Lead Intelligence Segment	Titan New Power Segment	Mutual offset among segments	Total
	Amount for the period			
I. Revenue from external transactions	7,013,448,704.79	1,175,574,288.19	–	8,189,022,992.98
II. Revenue from inter-segment transactions	68,158,418.97	1,201,929,158.51	(1,270,087,577.48)	–
III. Income from investments in associates and joint ventures	–	–	–	–
IV. Losses from asset impairment	(133,307,358.33)	(7,207,332.71)	–	(140,514,691.04)
V. (Losses) gains from credit impairment	(15,501,016.74)	120,294,201.91	–	104,793,185.17
VI. Depreciation and amortization expenses	243,919,113.07	33,679,582.47	–	277,598,695.54
VII. Total profits	536,869,268.89	466,057,483.69	(2,436,083.62)	1,000,490,668.96
VII. Income tax expenses	18,983,625.47	54,701,129.61	–	73,684,755.08
IX. Net profit	517,885,643.42	411,356,354.08	(2,436,083.62)	926,805,913.88
X. Total assets	43,748,683,886.28	10,867,349,867.23	(4,785,986,951.60)	49,830,046,801.91
XI. Total liabilities	27,681,164,484.25	8,691,605,288.21	(4,485,560,400.94)	31,887,209,371.52

The management of the Group did not evaluate the assets and liabilities of the above operating segments, and hence the assets and liabilities of the above reporting segments were not disclosed.

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY

1. Accounts receivable

(1) Disclosed by aging:

RMB

Aging	**Closing book balance**	Opening book balance
Within 1 year	**6,275,572,755.02**	3,681,294,309.14
1-2 years	**1,386,698,766.63**	1,948,383,943.44
2-3 years	**1,859,517,586.45**	2,568,574,112.91
Over 3 years	**1,335,734,355.90**	615,650,109.90
Total	**10,857,523,464.00**	8,813,902,475.39

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(2) Disclosed by classification of bad debt:

RMB

	Ending balance				
	Book balance		Bad debt provision		
Items	**Amount**	**Percentage (%)**	**Amount**	**Provision percentage (%)**	**Book value**
Provision for bad debts assessed individually	**2,251,717,227.52**	**20.74**	**250,772,460.55**	**11.14**	**2,000,944,766.97**
Provision for bad debts assessed on a portfolio basis	**8,605,806,236.48**	**79.26**	**1,512,145,101.26**	**17.57**	**7,093,661,135.22**
Total	**10,857,523,464.00**	**100.00**	**1,762,917,561.81**	**16.24**	**9,094,605,902.19**

RMB

	Beginning balance				
	Book balance		Bad debt provision		
Items	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for bad debts assessed individually	1,805,306,747.30	20.48	245,471,002.70	13.60	1,559,835,744.60
Provision for bad debts assessed on a portfolio basis	7,008,595,728.09	79.52	1,500,936,971.13	21.42	5,507,658,756.96
Total	8,813,902,475.39	100.00	1,746,407,973.83	19.81	7,067,494,501.56

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(2) ***Disclosed by classification of bad debt:*** *(Continued)*

Provision for bad debts assessed individually:

RMB

	Ending balance			
Name	Book balance	Bad debt provision	Provision percentage (%)	Reasons for provision
Northvolt AB	55,620,665.18	55,620,665.18	100.00	It was expected to have low recoverability in the future
Changzhou Suntech Power Holdings Co., Ltd. (常州尚德太陽能電力有限公司)	40,991,523.00	40,991,523.00	100.00	It was expected to have low recoverability in the future
Wuxi Suntech Power Holdings Co., Ltd. (無錫尚德太陽能電力有限公司)	144,664,791.49	144,664,791.49	100.00	It was expected to have low recoverability in the future
Wuhu Tianyi Energy Technology Co., Ltd. (蕪湖天弋能源科技有限公司)	7,329,347.29	7,329,347.29	100.00	It was expected to have low recoverability in the future
Suntech Power Holdings Co., Ltd. (尚德太陽能電力有限公司)	546,846.67	546,846.67	100.00	It was expected to have low recoverability in the future
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司)	116,529,605.20	–	–	It was expected to have low credit risk
SVOLT Energy (Wuhan) Co., Ltd. (蜂巢能源(武漢)有限公司)	1,619,286.92	1,619,286.92	100.00	It was expected to have low recoverability in the future
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	50,499,346.91	–	–	It was expected to have low credit risk
Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司)	1,220,648,688.35	–	–	It was expected to have low credit risk
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	182,982,823.14	–	–	It was expected to have low credit risk
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	430,284,303.37	–	–	It was expected to have low credit risk
Total	2,251,717,227.52	250,772,460.55		

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(2) *Disclosed by classification of bad debt:* *(Continued)*

Provision for bad debts assessed on a portfolio basis:

RMB

	Ending balance		
Name	**Book balance**	**Bad debt provision**	**Provision percentage (%)**
Within 1 year (inclusive of 1 year)	5,787,064,472.63	289,353,223.59	5.00
1-2 years (inclusive of 2 years)	1,359,486,951.37	271,897,390.27	20.00
2-3 years (inclusive of 3 years)	1,016,720,650.17	508,360,325.09	50.00
Over 3 years	442,534,162.31	442,534,162.31	100.00
Total	8,605,806,236.48	1,512,145,101.26	

(3) *Changes in bad debt*

The changes in bad debt provided for accounts receivable for the period from January 1, 2026 to June 30, 2026 are as follows:

RMB

Bad debt provisions	**Total**
Beginning balance	1,746,407,973.83
Provided for the period	16,509,587.98
Ending balance	**1,762,917,561.81**

(4) *The actual write-off of accounts receivable for the current period*

RMB

Item	**Write-off amount**
The actual write-off of accounts receivable	–

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(5) Details of top five accounts receivable and contract assets with the ending balances classified by the borrowers:

RMB

Name of entity	Ending balance of accounts receivable	Ending balance of contract assets	Ending balance of accounts receivable and contract assets	Percentage of the total ending balances of accounts receivable and contract assets (%)	Ending balance of bad debt provisions
Entity 1	1,220,648,688.35	–	1,220,648,688.35	10.44	–
Entity 2	512,820,303.11	156,742,892.07	669,563,195.18	5.73	33,478,159.76
Entity 3	430,284,303.37	41,997,128.00	472,281,431.37	4.04	–
Entity 4	381,111,418.68	43,570,000.00	424,681,418.68	3.63	41,392,816.45
Entity 5	314,730,608.00	26,791,425.00	341,522,033.00	2.92	17,076,101.65
Total	2,859,595,321.51	269,101,445.07	3,128,696,766.58	26.76	91,947,077.86

2. Other receivables

RMB

Item	Ending balance	Beginning balance
Other receivables	**2,611,294,780.84**	3,478,164,509.33

(1) Disclosed by aging

RMB

Aging	Closing book balance	Opening book balance
Within 1 year	**2,178,850,734.71**	2,377,019,745.67
1-2 years	**134,713,088.48**	801,782,062.27
2-3 years	**2,145,997.66**	3,739,355.71
Over 3 years	**306,562,421.22**	307,171,590.98
Total	**2,622,272,242.07**	3,489,712,754.63

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

2. Other receivables *(Continued)*

(2) Other receivables presented by nature

RMB

Nature of other receivables	Closing book balance	Opening book balance
Deposits and security deposits	**35,880,166.79**	33,087,801.68
Payables on behalf of others	**11,811,382.92**	12,772,662.10
Borrowings to employees	**3,792,065.44**	4,177,717.05
Intra-group receivable from related parties	**2,566,360,673.97**	3,409,718,916.64
Others	**4,427,952.95**	29,955,657.16
Total	**2,622,272,242.07**	3,489,712,754.63

(3) Impairment of other receivables

RMB

	Ending balance				
	Book balance		**Bad debt provision**		
Items	**Amount**	**Percentage (%)**	**Amount**	**Provision percentage (%)**	**Book value**
Provision for bad debts assessed individually	**2,584,083,079.42**	**98.54**	**–**	**–**	**2,584,083,079.42**
Provision for bad debts assessed on a portfolio basis	**38,189,162.65**	**1.46**	**10,977,461.23**	**28.74**	**27,211,701.42**
Total	**2,622,272,242.07**	**100.00**	**10,977,461.23**	**0.42**	**2,611,294,780.84**

RMB

	Beginning balance				
	Book balance		Bad debt provision		
Items	Amount	Percentage (%)	Amount	Provision percentage (%)	Book value
Provision for bad debts assessed individually	3,454,807,800.65	99.00	–	–	3,454,807,800.65
Provision for bad debts assessed on a portfolio basis	34,904,953.98	1.00	11,548,245.30	33.08	23,356,708.68
Total	3,489,712,754.63	100.00	11,548,245.30	0.33	3,478,164,509.33

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

2. Other receivables *(Continued)*

(3) *Impairment of other receivables* *(Continued)*

Provision for bad debts assessed individually:

RMB

Name	Book balance	Ending balance Bad debt provision	Provision percentage (%)	Reasons for provision
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	1,492,578,398.66	–	–	It was expected to have low credit risk
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	483,787,412.18	–	–	It was expected to have low credit risk
Zhuhai Lead New Power Electronics Co., Ltd. (珠海先導新動力電子有限公司)	300,000,000.00	–	–	It was expected to have low credit risk
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	141,141,123.61	–	–	It was expected to have low credit risk
Guangdong Beidao Intelligent Technology Co., Ltd. (廣東貝導智能科技有限公司)	69,366,401.32	–	–	It was expected to have low credit risk
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司)	69,144,181.30	–	–	It was expected to have low credit risk
Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司)	10,343,156.90	–	–	It was expected to have low credit risk
Withholding of individual housing provident fund contributions	6,538,491.34	–	–	It was expected to have low credit risk
Withholding of individual social welfare fund contributions	5,272,891.58	–	–	It was expected to have low credit risk
Employee advances receivables	3,792,065.44	–	–	It was expected to have low credit risk
Local taxation bureau	2,071,652.19	–	–	It was expected to have low credit risk
Electricity security deposits	47,304.90	–	–	It was expected to have low credit risk
Total	2,584,083,079.42	–	–	

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

2. Other receivables *(Continued)*

(3) *Impairment of other receivables* (Continued)

Bad debt provision by portfolio:

RMB

Name	Ending balance Book balance	Bad debt provision	Provision percentage (%)
Within 1 year (inclusive of 1 year)	**15,790,360.64**	**789,518.03**	**5.00**
1-2 years (inclusive of 2 years)	**14,020,631.83**	**2,804,126.43**	**20.00**
2-3 years (inclusive of 3 years)	**1,988,706.82**	**994,353.41**	**50.00**
Over 3 years	**6,389,463.36**	**6,389,463.36**	**100.00**
Total	**38,189,162.65**	**10,977,461.23**	

(4) *Provision for bad debts assessed by the ECL general model*

RMB

Provision for bad debts	12-month ECL	Lifetime provision for bad debts (Credit impairment has not occurred yet)	Lifetime provision for bad debts (Credit impairment has occurred)	Total
Balance at January 1, 2026	11,548,245.30	–	–	11,548,245.30
Provision (reversal) for the period	(570,784.07)	–	–	(570,784.07)
Balance at June 30, 2026	**10,977,461.23**	**–**	**–**	**10,977,461.23**

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

2. Other receivables *(Continued)*

(5) Provisions for bad debt

RMB

Type	Beginning balance	Provision (reversal) for the period	Write-offs for the period	**Ending balance**
Bad debts provisions for other receivables by portfolio based on credit risk characteristics	11,548,245.30	(570,784.07)	–	**10,977,461.23**
Total	11,548,245.30	(570,784.07)	–	**10,977,461.23**

(6) Actual write-offs of other receivables during the period

RMB

Item	**Write-off amount**
Actual write-offs of accounts receivable	–

(7) Details of top five other receivables with the ending balances classified by the borrowers

RMB

Name of units	**Relationship with the Company**	**Amount**	**Percentage of the total ending balance of other receivables (%)**	**Ending balance of credit loss provision**
Entity 1	Related parties within the scope of consolidation	1,492,578,398.66	56.92	–
Entity 2	Related parties within the scope of consolidation	483,787,412.18	18.45	–
Entity 3	Related parties within the scope of consolidation	300,000,000.00	11.44	–
Entity 4	Related parties within the scope of consolidation	141,141,123.61	5.38	–
Entity 5	Related parties within the scope of consolidation	69,366,401.32	2.65	–
Total		2,486,873,335.77	94.84	

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

3. Long-term equity investments

Details of long-term equity investments are as follows:

RMB

Invested unit	Accounting method	Beginning balance	Investments/ additional investments	Reduction in investments	**Ending balance**
Subsidiaries:					
Zhuhai Titan New Power Electronics Co., Ltd. (珠海泰坦新動力電子有限公司)	Cost method	1,369,847,601.80	11,851,585.22	–	**1,381,699,187.02**
LEAD INTELLIGENT EQUIPMENT (EUROPE) B.V.	Cost method	282,043,166.76	–	(282,043,166.76)	**–**
Jiangsu Lead Technology Co., Ltd. (江蘇立導科技有限公司)	Cost method	37,222,057.17	12,650,926.18	–	**49,872,983.35**
Jiangsu Lead Huineng Technology Research Co., Ltd. (江蘇先導匯能技術研究有限公司)	Cost method	27,229,212.41	–	–	**27,229,212.41**
Jiangsu Qingdao Intelligent Equipment Co., Ltd. (江蘇氫導智能裝備有限公司)	Cost method	25,255,395.52	2,216,904.30	–	**27,472,299.82**
Wuxi Guangdao Precision Technology Co., Ltd. (無錫光導精密科技有限公司)	Cost method	21,712,462.76	–	–	**21,712,462.76**
Jiangsu Andao Intelligent Equipment Co., Ltd. (江蘇安導智能裝備有限公司)	Cost method	19,800,000.00	–	–	**19,800,000.00**
LEAD INTELLIGENT EQUIPMENT (USA) LLC	Cost method	19,605,030.10	–	–	**19,605,030.10**
Shanghai Lead Huineng Technology Co., Ltd. (上海先導慧能技術有限公司)	Cost method	16,893,503.18	1,075,584.34	–	**17,969,087.52**
LEAD Intelligent Equipment (Hong Kong) Co., Limited	Cost method	43,846,824.66	207,072,651.92	–	**250,919,476.58**
Total		1,863,455,254.36	234,867,651.96	(282,043,166.76)	**1,816,279,739.56**

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

4. Operating revenue and operating cost

(1) Operating revenue and operating cost

RMB

Items	Amount for the period		Amount for last period	
	Revenue	Cost	Revenue	Cost
Main business	**6,927,435,547.82**	**4,930,664,641.50**	6,009,011,583.13	3,984,754,292.61
Other business	**90,821,572.93**	**83,412,854.86**	7,613,587.33	6,303,239.63
Total	**7,018,257,120.75**	**5,014,077,496.36**	6,016,625,170.46	3,991,057,532.24

The Company recognized the operating revenue at a point in time.

(2) Disaggregation of operating revenue

RMB

Contract Classification	Amount for the period		Amount for last period	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Category of goods				
Lithium-ion battery intelligent equipment	**5,310,414,390.78**	**3,615,913,258.38**	4,332,857,142.67	2,784,569,570.71
PV intelligent equipment	**182,678,760.80**	**147,956,990.88**	531,330,471.35	395,191,667.58
Others	**1,434,342,396.24**	**1,166,794,392.24**	1,144,823,969.11	804,993,054.32
Sub-total	**6,927,435,547.82**	**4,930,664,641.50**	6,009,011,583.13	3,984,754,292.61
Other business	**90,821,572.93**	**83,412,854.86**	7,613,587.33	6,303,239.63
Total	**7,018,257,120.75**	**5,014,077,496.36**	6,016,625,170.46	3,991,057,532.24
Classification by operating area				
Domestic	**4,518,240,722.66**	**3,055,609,837.11**	4,907,287,105.54	3,351,275,846.20
Foreign	**2,409,194,825.16**	**1,875,054,804.39**	1,101,724,477.59	633,478,446.41
Total	**6,927,435,547.82**	**4,930,664,641.50**	6,009,011,583.13	3,984,754,292.61

(XVI) NOTES TO MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF PARENT COMPANY *(Continued)*

5. Investment income

RMB

Items	**Amount for the period**	Amount for last period
Investment income on disposal of financial assets held for trading	**15,862,195.47**	4,955,258.56
Investment income received from holding wealth management products	**2,179,792.97**	1,539,882.36
Investment loss on disposal of long-term equity investments	**(90,580,266.76)**	–
Others	**(554,937.25)**	(4,341,620.67)
Total	**(73,093,215.57)**	2,153,520.25

1. DETAILS OF EXTRAORDINARY PROFIT OR LOSS

The calculation form of the details of extraordinary profit or loss is prepared in accordance with the relevant provisions of Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit or Loss (Revised in 2023) issued by the China Securities Regulatory Commission.

RMB

Items	Amount for the period
Losses on disposal of non-current assets	(2,656,361.28)
Government grants recognized in the profit or loss for the current period, except for those closely related to the Company's normal business operations, in compliance with national policy regulations, enjoyed according to established standards, and having a continuous impact on the Company's profit or loss	2,722,164.53
Gains and losses arising from fair value changes of financial assets and financial liabilities held by non-financial enterprises, as well as gains and losses from the disposal of financial assets and financial liabilities, except for effective hedging activities related to the Company's normal business operations	29,094,031.26
Other non-operating revenue and expenses other than the above	7,172,484.71
Sub-total	36,332,319.22
Effects of income tax	5,492,054.52
Effects of minority interest	343,543.21
Total	30,496,721.49

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

The calculation form of the return on net assets and earnings per share is prepared in accordance with the relevant provisions of Public Issuance of Securities Companies Information Disclosure and Compilation Rules No. 09 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (Revised in 2010) (CSRC Announcement [2010] No. 2) issued by the China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share: Basic earnings per share	Earnings per share: Diluted earnings per share
Amount for the period			
Net profit attributable to ordinary shareholders of the Company	**5.67**	**0.58**	**0.58**
Net profit attributable to ordinary shareholders of the Company excluding extraordinary profit or loss items	**5.49**	**0.56**	**0.56**
Amount for last period			
Net profit attributable to ordinary shareholders of the Company	6.20	0.48	0.48
Net profit attributable to ordinary shareholders of the Company excluding extraordinary profit or loss items	6.13	0.48	0.48

3. Differences in accounting data under domestic and international accounting standards

(1) Differences in net profit and net assets between financial statements prepared in accordance with international accounting standards and those prepared in accordance with Chinese accounting standards

N/A

(2) Differences in net profit and net assets between financial statements prepared in accordance with overseas accounting standards and those prepared in accordance with Chinese accounting standards

N/A

(3) Explanation of the reasons for discrepancies in accounting data under domestic and international accounting standards. Where adjustments have been made to data already audited by an overseas auditing institution, the name of that overseas institution shall be stated

N/A