

Company Code: 688006

Company Abbreviation: Hangke Technology

Zhejiang Hangke Technology Incorporated Company

Annual Report 2024

Important Notes

I. The Board of Directors, Board of Supervisors and the directors, supervisors, senior managers ensure the authenticity, accuracy and completeness of the contents of the annual report and that there are no false records, misleading statements or major omissions, and assume individual and joint legal responsibilities.

II. The Company is not profitable at the time of listing and has not yet achieved profitability.

☐Yes ☒No

III. Material Risk Warning

The Company has detailed in this report the various risks and response measures that may be faced in the course of its operations, please refer to Section III "Management Discussion and Analysis" of this report for details.

IV. All directors of the Company attended the board meeting.

V. Pan-China Certified Public Accountants has issued a standard unqualified audit report on the Company

VI. Yu Pingguang, the person in charge of the Company, Fu Fenghua, the person in charge of accounting work, and Yang Zhaodi, head of the accounting institution (accounting officer in charge), declare that the financial report in the annual report is true, accurate and complete.

VII. Resolution of the Board of Directors on the proposed distribution of profits or the proposed conversion to share capitals with provident funds for the current reporting period

After consideration by the Board of Directors, the Company proposes to distribute profits for the year 2024 based on the total share capital registered on the date of share registration for the implementation of the equity distribution. The profit distribution plan is as follows:

The Company proposes to distribute a cash dividend of RMB 0.58 per 10 shares (tax inclusive) to all shareholders. As at the date of the Board of Directors' meeting to consider the profit distribution plan, the total share capital of the Company was 603,672,152 shares, and the total cash dividend to be distributed on this basis amounted to RMB 35,012,984.82 (tax inclusive). The amount of cash dividend accounted for 10.73% of the net profit attributable to shareholders of the listed company in the consolidated financial statements of the Company for the year 2024, and the total dividend paid by the Company for the equity distribution in the first three quarters of 2024 amounted to RMB 101,416,921.54, which had been implemented and completed on October 16, 2024 and March 17, 2025 respectively. The total amount of cash dividends paid by the Company for the year was RMB

136,429,906.36, accounting for 41.81% of the net profit attributable to shareholders of listed companies in the Company's consolidated financial statements for the year 2024.

The Company will not carry out any capitalization of Capital reserve or distribution of bonus shares for the current year. If the total share capital of the Company changes as a result of convertible bonds conversion/share buyback/share buyback and cancellation of shares granted under equity incentive scheme/share buyback and cancellation of shares under major asset reorganization during the period from the date of adoption of this announcement to the date of registration of shareholders' rights to implement the equity distribution, it is proposed to keep the distribution ratio per share unchanged and adjust the total amount of distribution accordingly, and the details of such adjustments will be announced separately.

The profit distribution proposal has yet to be submitted to the shareholders' meeting for consideration.

VIII. Whether there are important matters such as special arrangements for corporate governance

☐Applicable ☒Not Applicable

IX. Risk Statements for Forward-looking Statements

☒Applicable ☐Not Applicable

The forward-looking statements on the Company's future plans and development strategies covered in this report do not constitute material commitments by the Company to investors and investors are advised to be aware of the investment risks.

X. Whether there is non-operating appropriation of funds by controlling shareholders and other related parties

No

XI. Whether there is a violation of the required decision-making procedures to provide external guarantees

No

XII. Whether there is a situation where more than half of the directors cannot ensure the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

XIII. Others

☐Applicable ☒Not Applicable

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Bibliography documents available for review	Financial statements containing the signatures and seals of the person in charge of the Company, the person in charge of accounting, and the person in charge of the accounting organization (accounting supervisor)
	The originals of all company documents and announcements that have been publicly disclosed on the websites designated by the CSRC during the reporting period.
	Original Audit Report containing the seal of the accounting firm and the signature and seal of the certified public accountant

Section I Definitions

I. Definitions

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

Definition of commonly used words		
The Company, the Company, the Joint Stock Company, Hangke Technology, the Issuer	Refer to	Zhejiang Hangke Technology Incorporated Company
CHR Japan Corporation	Refer to	CHR Japan Corporation - a wholly owned subsidiary of the Company, formerly known as HONRECK Electronics Trading Japan Co., Ltd.
Hangke Korea	Refer to	Hangke Electronics Corporation (Korea) - a wholly owned subsidiary of the Company and a wholly owned subsidiary of CHR Japan Co., Ltd.
Hangke Hong Kong	Refer to	Hangke Electronics Trading Hong Kong Limited - a wholly owned subsidiary of the Company
HONRECK (Malaysia)	Refer to	HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD (Malaysia)- a wholly-owned sub-subsidiary of the Company and a subsidiary of the Company's wholly-owned subsidiary, CHR Japan Co., Ltd.
HONRECK (Poland)	Refer to	HONRECKE ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA(Poland) - a wholly-owned sub-subsidiary of the Company and a subsidiary of the Company's wholly-owned subsidiary, Hangke Hong Kong
Hangke Group	Refer to	Hangzhou Hangke Intelligent Equipment Group Co., Ltd.(formerly known as Hangzhou Hangke Investment Co., Ltd., "Hangke Investment" for short) – a shareholder of the Company
Hangke Instrument	Refer to	Zhejiang Hangke Instrument Co., Ltd. – an affiliated party of the Company
Hangzhou Reliability Instrument	Refer to	Hangzhou Reliability Instrument Factory – an affiliated party of the Company
General Electric Measurement	Refer to	Hangzhou General Electric Measurement Co., Ltd. – an affiliated party of the Company
Tongce Communication	Refer to	Hangzhou Tongce Communication Electronics Co., Ltd.- an affiliated party of the Company
Lithium ion	Refer to	The substance that generates electric current in lithium-ion batteries. When charging, the active material from the positive lithium is released into the negative electrode, and when discharging, it is precipitated from the negative electrode and recombined with the compound at the positive electrode, and the movement of lithium ions generates current
Electric Core	Refer to	Lithium battery consists of an electric cell and a protection circuit board, the electric cell is the storage part of the rechargeable battery
New Energy Vehicle	Refer to	New energy vehicles refer to all other energy vehicles rather than gasoline and diesel engines, including fuel cell vehicles, hybrid vehicles, hydrogen-powered vehicles and solar vehicles,

		etc.
Power Battery	Refer to	A chemical power source that provides electrical energy for devices such as power tools, electric bicycles and electric vehicles. Commonly used power batteries include lead-acid batteries, nickel-hydrogen batteries, lithium batteries, etc.
Lithium battery back-end equipment, lithium battery reprocessing equipment	Refer to	Equipment used in the production process of lithium batteries for cell activation and formation, capacity classification and testing, and assembly into battery packs
LG	Refer to	LG Energy Solution., Ltd.
SK	Refer to	SK innovation Co., Ltd.
CATL	Refer to	CATL New Energy Technology Co., Ltd.
Ningde New Energy	Refer to	Ningde New Energy Technology Co., Ltd.
EVE Energy	Refer to	Huizhou EVE Energy Co., Ltd.
Gotion High-tech	Refer to	Gotion High-tech Co., Ltd.
SUNWODA	Refer to	Sunwoda Electronic Co., Ltd.
Tianjin Lishen	Refer to	Tianjin Lishen Battery Co., Ltd.
Companies Act	Refer to	The current Company Law of the People's Republic of China
Securities Act	Refer to	The current Securities Law of the People's Republic of China
China Securities Regulatory Commission (CSRC)	Refer to	China Securities Regulatory Commission
Shanghai Stock Exchange (SSE)	Refer to	Shanghai Stock Exchange
Swiss Stock Exchange	Refer to	Swiss Stock Exchange
GDR	Refer to	Global Depositary Receipts
Current Reporting Period, Current Period	Refer to	January 1, 2024 to December 31, 2024

Section II Company Profile and Key Financial Indicators

I. Basic information of the Company

Company Name in Chinese	浙江杭可科技股份有限公司
Abbreviation of Company Name in Chinese	杭可科技
Company Name in English	Zhejiang Hangke Technology Incorporated Company
Abbreviation of Company Name in English	Hangke Technology
Legal Representative of the Company	Yu Pingguang
Registered Address of the Company	No.77, Gaoxin 11 Road, Qiaonan Block, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang, China
Change History of Registered Address of the Company	Not Applicable
Office Address of the Company	No.77, Gaoxin 11 Road, Qiaonan Block, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang, China / No.298, Gaoxin 6 Road, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang, China
Postal Code of the Company's Office Address	311231
Company Website	http://www.chr-group.net
Email	hq@chr-group.net

II. Contact Person and Contact Information

	Secretary of the Board of Directors (Domestic Representative of information disclosure)	Securities Representative
Name	Fu Fenghua	
Address	No.298 Gaoxin 6 Road, Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province	
Tel	0571-82210886	
Fax	Not Applicable	
Email	hq@chr-group.net	

III. Place of Information Disclosure and Filing

Name and website of the media in which the Company discloses its annual report	Shanghai Securities News, Securities Daily
Website of the stock exchange where the Company discloses its annual report	www.sse.com.cn
The place where the Company's annual report is filed	Corporate Securities Department

IV. Brief Description of the Company's Shares/Depository Receipts

(I) Brief description of the Company's stock

☒Applicable ☐Not Applicable

Company Stock Overview				
Stock	Stock Exchange and Board	Stock	Stock Code	Stock Abbreviation

Classes		Abbreviation		before Change
A-share	Shanghai Stock Exchange Science and Technology Board	Hangke Technology	688006	Not Applicable

(II) Brief description of the Company's Depository Receipts

√Applicable □Not Applicable

Company Depository Receipts in Brief					
Type of securities	Conversion ratio of depository receipts to underlying shares	Depository Receipt Listing Exchanges and Sectors	Depository Receipt Abbreviation	Depository Receipt Code	Short name of the Depository Receipt before the change
GDR	1:2	Swiss Stock Exchange (SIX Swiss Exchange)	Not applicable	ZHT	Not applicable

Depository Institution	Name	Citibank
	Business Address	388 Greenwich Avenue, New York, NY 10013, USA
	Agent	Keith Galfo
Hosting organization	Name	Bank of China (BoC)
	Business Address	No.1 Fuxingmennei Street, Beijing
	Agent	Wang Peng

V. Other Relevant Information

Accounting firms engaged by the Company (domestic)	Name	Pan-China Certified Public Accountants (Special General Partnership)
	Business Address	Block B, China Resources Building, No. 1366 Qianjiang Road, Jianggan District, Hangzhou, Zhejiang Province, China
	Name of Signatory Accountant	Zhao Li, Zhu Yunwen

VI. Main Accounting Data and Financial Indicators for the Last Three Years

(I) Main accounting data

Unit: Yuan Currency: RMB

Main accounting data	2024	2023	Increase/decrease in the current period over the same period of the previous year (%)	2022
Operating income	2,981,154,434.54	3,931,719,031.47	-24.18	3,454,133,088.43
Net profit attributable to shareholders of the listed company	326,336,354.34	809,090,505.69	-59.67	490,594,411.85
Net profit after extraordinary gain or loss attributable to shareholders of the listed company	310,863,339.03	790,576,616.11	-60.68	473,014,461.86
Net cash flows from operating activities	169,270,578.29	214,965,877.63	-21.26	695,722,817.92

	End of 2024	End of 2023	Increase/decrease in the current period over the same period of the previous year (%)	End of 2022
Net assets attributable to shareholders of the listed company	5,164,798,090.89	5,119,064,450.08	0.89	3,347,538,154.36
Total assets	9,769,475,574.60	10,224,758,500.85	-4.45	7,966,087,105.80

(II) Main financial indicators

Main financial indicators	2024	2023	Increase/decrease in the current period over the same period of the previous year (%)	2022
Basic earnings per share (Yuan/share)	0.54	1.35	-60.00	0.87
Diluted earnings per share (Yuan/share)	0.54	1.35	-60.00	0.87
Basic earnings per share after non-recurring gains and losses (Yuan/share)	0.51	1.32	-61.36	0.84
Weighted average return on net assets(%)	6.35	17.51	-11.16	15.90
Weighted average return on net assets after non-recurring gains and losses(%)	6.05	17.11	-11.06	15.33
Ratio of R&D investment to operating income(%)	8.63	6.19	2.44	6.00

Description of the main accounting data and financial indicators of the Company for the previous three years at the end of the reporting period

☐Applicable ☒Not Applicable

VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

(I) Differences in net profit and net assets attributable to shareholders of the listed Company in the financial report disclosed simultaneously in accordance with International Accounting Standards and in accordance with PRC GAAP

☐Applicable ☒Not Applicable

(II) Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed simultaneously in accordance with overseas accounting standards and in accordance with PRC GAAP

☐Applicable ☒Not Applicable

(III) Explanation of differences between domestic and foreign accounting standards

☐Applicable ☒Not Applicable

VIII. 2024 Quarterly Key Financial Data

Unit: Yuan Currency: RMB

	Q1 (Jan. – Mar.)	Q2 (Apr. – Jun.)	Q3 (Jul. – Sept.)	Q4 (Oct. – Dec.)
Proceeds of Business	883,915,482.34	1,006,889,450.29	780,204,343.34	310,145,158.57
Net profit attributable to shareholders of the listed company	172,974,407.05	96,300,992.70	106,575,914.01	-49,514,959.42
Net profit attributable to shareholders of the listed company after non-recurring gains and losses	169,611,457.73	82,324,583.19	88,189,026.59	-29,261,728.48
Net cash flows from operating activities	35,511,369.28	76,570,064.13	122,081,760.27	-64,892,615.39

Explanation of differences between quarterly data and disclosed periodic report data

☐Applicable ☒Applicable**IX. Non-recurring Gain or Loss Items and Amounts**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount in 2024	Notes (if applicable)	Amount in 2023	Amount in 2022
Gains and losses on disposal of non-current assets, including elimination of provision for impairment of assets	14,897.80		680,184.65	-344,350.15
Government grants recognized in profit or loss for the current period, except for those government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuing impact on the Company's profit or loss	6,091,696.66		25,499,222.51	17,513,581.56
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	429,299.16		-5,419,069.85	5,558,219.26
Occupancy fees charged to non-financial corporations included in profit or loss for the period				
Gains and losses on entrusted investments or management of assets				
Gains and losses on external entrusted loans				
Losses of assets due to force majeure factors such as natural disasters				
Reversal of provision for impairment of receivables individually tested for impairment	10,500,000.00			8,098,790.60
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the				

investee's identifiable net assets at the time of investment acquisition				
Net profit or loss of subsidiaries for the period from the Beginning of the period to the date of consolidation arising from a business combination under the same control				
Gains and losses on exchange of non-monetary assets				
Debt restructuring gains and losses				-3,330,905.47
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees				
One-time effect on current period's profit or loss due to adjustments in tax, accounting and other laws and regulations				
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans				
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of the option				
Gains and losses arising from changes in the fair value of investment properties subsequently measured using the fair value model				
Gains arising from transactions at significantly unfair prices				
Gains and losses arising from contingencies unrelated to the Company's normal business operations				
Custodial fee income earned on trusteeship				
Non-operating income and expenses other than those listed above	1,223,591.54		1,306,650.62	-6,843,421.61
Other items of profit or loss that meet the definition of non-recurring profit or loss				
Less: Impact of income tax	2,786,469.85		3,553,098.35	3,071,964.20
Impact of minority interests (after tax)				
Total	15,473,015.31		18,513,889.58	17,579,949.99

For non-recurring profit and loss items that the Company has recognized as non-recurring profit and loss items not listed in *Interpretative Announcement for Information Disclosure of Companies Issuing Securities No. 1 - Non-recurring Profit and Loss* and the amount of which is material, as well as items defined as non-recurring profit and loss in *Interpretative Announcement for Information Disclosure of Companies Issuing Securities No. 1 - Non-recurring Profit and Loss*, the reasons shall be explained.

☐Applicable ☒Not Applicable

X. Description of Non-Corporate Accounting Standards Financial Indicators

☐Applicable ☒Not Applicable

XI. Items Measured at Fair Value

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Current period changes	Amount of impact on current profit
Financial assets held for trading	5,925,509.48	3,318,338.14	-2,607,171.34	-663,967.87
Total	5,925,509.48	3,318,338.14	-2,607,171.34	-663,967.87

XII. Description of Information Withheld or Exempted for Reasons of State Secrets, Commercial Secrets, etc.

☐Applicable ☒Not Applicable

Section III Management Discussion and Analysis

I. Discussion and Analysis of Business

Hangke Technology is a world-class system integrator of sales, R&D, manufacturing and service of complete sets of production equipment for new energy lithium-ion batteries. The Company's main products include all kinds of battery charging and discharging equipment, testing equipment, logistics equipment and corresponding supporting software systems. The Company supplies all kinds of lithium-ion battery production line post-processing system equipment for well-known lithium-ion battery manufacturers at home and abroad, such as SK (Korea), Samsung (Korea), LG (Korea), EVE Energy, BYD, Gotion High-Tech, SUNWODR, Envision AESC, COSMX, CATL, etc. The Company is one of the very few post-processing equipment manufacturers in China who can export complete sets of equipment and work closely with major lithium-ion battery manufacturers in Japan and Korea.

Looking to the future, Hangke Technology takes "Made in China 2025" as the stage goal, Industry 4.0 as the strategic opportunity, focuses on promoting intelligent manufacturing, improving the "customer-oriented + talent training + intelligent innovation" functional structure system, building the lithium intelligent equipment industry Top 1 brand, aiming to become "the world's first-class lithium smart factory overall solutions provider".

I. Market analysis

In 2021-2022, the domestic lithium battery industry showed a high-speed development trend, the demand for lithium battery production equipment surge, such as power lithium battery plate. In 2022, the domestic new energy vehicle market maintain explosive growth; the annual completion of the production and sales reaches 7,058,000 and 6,887,000, respectively, a year-on-year growth of 96.9% and 93.4%, respectively. Driven by this growth trend, the Company's orders for domestic lithium battery equipment in 2021 and 2022 grew greatly. However, in FY2023, China's production and sales of new energy vehicles were 9,587,000 and 9,495,000 units, up 35.8% and 37.9% year-on-year; the growth rate slowed down significantly. Domestic lithium battery plant began to gradually release production capacity in the past two years from 2023, domestic lithium battery supply began to exceed demand in the second half of 2023, and the demand for the new plant fell rapidly. This led to increased competition in the domestic lithium battery equipment industry in the second half of 2023, and the industry entered a reshuffle period. In 2024, affected by factors such as the unstable global economic situation, intensified international trade frictions, and the decline in lithium battery prices, the export value of domestic battery products declined year-on-year, but the number of exports maintained positive growth. The Company's newly signed overseas orders continued to increase during FY2024.

In 2024, the global lithium battery market witnessed significant growth in overseas demand, mainly led by the global expansion strategies of European and American vehicle manufacturers and Japanese and Korean battery giants. These companies significantly increase their production capacity in the U.S., Europe, and Southeast Asia, thus generating a huge demand for equipment orders. From a long-term perspective, the demand for lithium batteries in overseas markets shows broad and lasting potential. Japanese and South Korean lithium battery companies occupy a leading position in the global market. They not only continue to increase capacity expansion in the regions mentioned above, but also stabilize their market position through technological innovation and quality improvement. At the same time, overseas local battery manufacturers have also emerged like bamboo shoots after a spring rain, especially automobile manufacturers like Volkswagen, Toyota, Tesla etc., who have ventured into lithium battery production in order to reduce supply chain risks through localized production and to meet the growing demand for electric automobiles.

Against this background, China's lithium battery industry going-overseas trend has become increasingly obvious. Many high-quality domestic manufacturers, such as BYD, CATL, CALB, EVE Energy, SUNWODA, Farasis Energy, Gotion Hi-tech, COSMX etc., have set their sights on the overseas market, and actively seek international cooperation and expansion. For example, BYD has launched new models in countries such as Australia, Japan, and France, and cooperated with the Brazilian government to build a production base; Gotion Hi-tech's factory in Argentina has been successfully put into production, and Gotion Hi-tech has reached a strategic cooperation agreement with a number of international automobile enterprises; EVE has started the construction of large-scale battery manufacturing plants in Malaysia and Hungary. These initiatives suggest that the focus of future demand for lithium battery equipment will gradually shift to overseas markets. With the continuous expansion of

the global electric vehicle market, the overseas market will become a new engine to promote the development of lithium battery equipment industry. Chinese lithium battery companies, with their advantages in technology, cost, scale, etc., are expected to occupy a more important position in the international market, and jointly lead the development trend of the global lithium battery industry with Japanese and South Korean companies.

II. Operations

The main business of the Company is dedicated to the post-processing system design, research and development, production and sales of all kinds of rechargeable batteries, especially lithium-ion batteries. The main products include cylindrical battery charging and discharging equipment, soft pack/polymer battery charging and discharging equipment, square battery charging and discharging equipment, automatic internal resistance and voltage testing equipment, staging machine, and automatic loading and unloading machine. The Company is one of the few suppliers in the industry that can provide a full set of system solutions for the post-processing of cylindrical, soft pack and square lithium batteries, including charging/discharging equipment, logistics system and software system. Since its establishment, the Company has continuously focused on its main business, increased its investment in research and development, and constantly improved the market competitiveness of its products and technology. The Company's products have been exported to places including Japan, South Korea, Europe, the United States, Southeast Asia, and India, achieving the reverse output of domestic high-end equipment.

In 2024, the Company focused on its main business course, broke through the competitive barriers with technology, and continued to expand technical exchanges and cooperation opportunities with customers in new processes, new technologies and new fields such as in solid-state batteries and small steel shells, to actively respond to market challenges and to enhance the Company's technical strength and service level. Facing the challenges of global trade environment changes and industry growth slowdown, the Company obtained big orders from German Volkswagen Group in Spain and Canada.

The Company continues to consolidate its advantageous position as a strategic supplier for Korean customers, maintains good cooperative relations with SK, LG and Samsung in South Korea, and continues to help Korean customers expand their production layout globally; it continues to actively develop cooperation with Japanese customers, and cooperates with Japanese customers such as Panasonic, Toyota and AESC, etc.; meanwhile, the Company is making more efforts to develop Europe, U.S., Southeast Asia and other emerging markets. In the domestic market, the Company continues to strengthen cooperation with first and second-tier domestic battery enterprises such as EVE Energy, BYD, Gotion Hi-tech, SUNWODA, etc., to serve the domestic high-quality customers, and to strive for more high-quality orders with leading technical strength and services in the fierce market competition.

III. Financial Situation

In FY2024, the Company realized operating income of RMB 2,981,154,400, representing a decrease of 24.18% over the previous year. Affected by factors, such as the slowdown in the growth of market demand for lithium-ion batteries, intensified market competition in the lithium-ion battery equipment manufacturing industry, and the prolongation of the acceptance cycle by battery manufacturers, during the reporting period, the Company's gross margin of its products also declined; however, the Company has actively laid out the overseas market and has achieved good results. The Company's orders have continued to expand in size, of which the percentage of overseas orders is rapidly increasing, resulting in a significant increase in foreign currency settlement amount overseas; therefore, affected by foreign currency exchange rate fluctuations, this period had a significant increase in exchange losses.

IV. Progress in R&D

Adhering to the concept of technological innovation as the core competitiveness, the Company has been committed to the accumulation and development of lithium-ion battery post-processing technology since its establishment, and currently we have core technical capabilities and a global service team in the R&D, production and delivery of core equipment for post-processing systems, such as negative voltage series formation equipment, integrated charger/discharger, BOX-type fixture formation and capacitor system, DC/AC voltage and internal resistance testers, high-temperature and pressurized formation equipment, battery cycling test equipment, and battery pack test system. And combined with the Company's self-developed MES system, logistics scheduling system, intelligent warehouse management system, chemical composition management system, 3D digital management system, and machine vision technology, we have become a lithium-ion battery production line post-processing system as a whole solution provider.

During the reporting period, the Company had 1,101 R&D personnel, accounting for 28.58% of the

Company's total headcount. R&D expenses amounted to RMB 257,146,092.32. In FY2024, the Company obtained 73 patents for inventions, 64 patents for utility models, and 2 software copyrights. Cumulatively, the Company has obtained 400 patents in 2024, including 112 patents for inventions, 264 patents for utility models, 4 design patents, and 20 software copyrights.

The R&D achievements obtained in 2024 are mainly reflected in the updating of chemical sub-capacitor equipment and power supply technology, and the successful development of equipment products such as 4680 charging and discharging system solution, new generation control system, 750V-5V high-voltage DC bus power supply module and DC bus square sub-capacitor all-in-one machine. The Company has always been to achieve customer-first values, to solve customer demand as orientation, closely follow the front-line customers, to meet customer demand for product and technology upgrades in a timely manner, and at the same time to strengthen the basic technology R & D investment for customers to solve the pain points, difficult points at the same time, to maintain the leading edge in the industry in terms of technology.

Analysis and Prospect of Non-Corporate Accounting Standards Performance Changes

☐Applicable ☒Not Applicable

II. Description of the Main Business, Business Model, Industry Situation and R&D Engaged In by the Company during the Reporting Period

(I) Main businesses, main products or services

1. Main businesses

Since its establishment, the Company has been committed to the design, development, production and sales of post-processing systems for all kinds of rechargeable batteries, especially lithium-ion batteries. At present, it has core technologies and capabilities in the development and production of core equipment for post-processing systems, such as charge/discharge machines and internal resistance testers, and can provide overall solutions for post-processing systems for lithium-ion battery production lines. The post-processing process is a necessary process for the production of lithium-ion batteries. After post-processing, lithium-ion batteries can reach a usable state and play a vital role in manufacturing lithium-ion cells and battery packs with high consistency, good stability and excellent performance. Relying on professional technology, fine management and personal service, the Company has been supplying all kinds of post-processing system equipment for lithium-ion battery production line for famous lithium-ion battery manufacturers at home and abroad, such as Samsung (Korea), LG (Korea), SK (Korea), CATL, BYD, EVE Energy, Gotion High-Tech, SUNWODR, Envision AESC, and COSMX.

2. Main Products

The Company's main products are charging and discharging equipment and other equipment such as internal resistance testers, of which charging and discharging equipment is divided into cylindrical battery charging and discharging equipment, soft pack/polymer battery charging and discharging equipment (including conventional soft pack/polymer battery charging and discharging equipment and high temperature pressurized charging and discharging equipment), and square battery charging and discharging equipment.

The Company's main products are shown in the table below:

Product Category	Main Product Name	Representative Example	Product
Charging and discharging equipment	Cylindrical battery charging and discharging equipment		

	Soft pack/polymer battery charging and discharging equipment	High Temperature Pressurized Jig Formation System	
		Flexible packages of powered components into a capacity all-in-one machine	
	Square battery charging and discharging equipment		
	Automatic internal resistance and voltage testing equipment		
Other equipment	Staging machine		
	Automatic loading and unloading machine		

	Automated logistics system equipment	
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(II) Main business models

1. R&D Model

The Company's product development mainly focuses on order product design and development and new product development.

(1) Order product design and development starts with technical requirements from customers, and then the Company arranges technical personnel to communicate with customers to understand their production process and equipment requirements, and the Company's management evaluates the feasibility of R&D projects, and the Company signs technical agreements with customers for projects that pass the evaluation, and carries out product design in accordance with customer requirements.

The development link is a key link in the Company's business process because: ① The product delivery time determines the competitiveness of the product to a certain extent. Since the industry is all non-standardized production, higher R&D efficiency can enhance product competitiveness; ② Good design solutions can enhance product reliability and maintain a low failure rate, which are often decisive factors in the customer's purchase decision-making process.

(2) New product development includes new product development for sales contracts with customers and the development of strategic R&D products of the Company. New product development is carried out by the research institute and the sales department according to the annual strategic objectives or customer contract demand; they jointly analyze the direction of product development, identify new model R&D product requirements, and the research institute will set up a special project team. The R&D feasibility, R&D cycle and cost of the new project will be submitted to the relevant R & D institutions in charge in the form of project analysis report, and the general manager shall review and approve the R&D projects. The approved R&D projects are then developed as new products, in which the project team is composed of R&D, sales, production and financial personnel, etc., who work in parallel to effectively improve the success rate of R&D, shorten the development cycle, and reduce development costs.

For new product development, the overall scheme design and review is adopted and then divided into R&D project teams for structure design and review, with corresponding personnel approval in key links of the process, and the rationalization of the implementation process to ensure that the R&D results meet the Company's technical requirements. Finally, the various departments such as R&D, production and sales discuss to determine the correctness of the specific mechanism design and arrange the production schedule, so as to ensure the success rate of product development and improve work effectiveness and production efficiency.

2. Sales Model

The Company generally signs sales contracts directly with customers, develops and designs, procures raw materials and produces products according to the requirements of the contracts, produces the products within the contracted period and sends them to customers and sends personnel to install, debug and guarantee customers' trial operation. Customers shall accept the products at the end of the trial operation period.

3. Purchase Model

The Company strictly follows the purchase process in raw material purchase, considers the quality, supply ability, service ability and price of suppliers, and signs supply contracts with qualified suppliers after small-scale trial purchase.

The raw materials procured by the Company are mainly divided into standard parts and non-standard parts. Standard parts are mainly electronic components, electromechanical products, pneumatic components and mechanical parts, which the Company purchases directly from manufacturers or from

qualified agents and traders. For some imported standard parts, the Company mainly signs purchase contracts with the first-class agents of foreign original manufacturers in China to ensure reliable quality and lower prices. The non-standard parts are mainly PCB boards, transformers, inductors and other non-standard products as well as steel, aluminum and other materials.

(III) Industry Situation

1. Development stage, basic characteristics and main technical threshold of the industry

(1) The development stage of lithium battery production, formation and grading detection equipment industry

● Initial development stage (2000-2015):

At this stage, the application of lithium batteries was mainly concentrated in consumer electronics products, such as mobile phones, laptops, etc. The demand for formation and grading detection systems was mainly driven by these small and medium-sized battery manufacturers. Early formation and grading equipment mainly relied on manual operation, with low automation and relatively low accuracy and efficiency of the detection systems. The market concentration during this stage was relatively low, with many small and medium-sized equipment suppliers participating in market competition, severe product homogenization, and insufficient technological innovation.

● Rapid growth stage (2015-2020):

With the rise of new energy vehicles and energy storage markets, the demand for lithium batteries had sharply increased, which also prompted the formation and grading detection system industry to enter a rapid development stage. During this period, automation equipment gradually became popular, and production efficiency and detection accuracy significantly improved. The demand for quality control brought about by large-scale production had driven technological progress, and a group of leading enterprises with certain technological accumulation and research and development capabilities had begun to emerge in the market. At the same time, the industry began to concentrate more, and large enterprises were gradually occupying a dominant market position through technological upgrades and mergers and acquisitions.

● Technological maturity and industrial integration stage (2020-2024):

After 2020, the formation and grading detection system industry gradually entered a period of technological maturity. With the rapid expansion of the electric vehicle market and the further expansion of battery production scale, higher requirements had been put forward for the performance, stability, and automation level of detection systems. The technological innovation in the industry was accelerating, and technologies such as intelligent manufacturing, big data analysis, and the Internet of Things were beginning to deeply integrate into the detection system, forming a highly intelligent production detection chain. In addition, the trend of integration within the industry was becoming increasingly evident. Large enterprises further expanded their market share through technological advantages and capital strength, while small and technologically backward enterprises were gradually eliminated or acquired. Internationalization became a new trend, and major enterprises in the Chinese market, the US market, and European market etc. had begun to expand globally, enhancing their competitiveness in the global market through cross-border mergers and acquisitions and cooperation.

● Deepening application and continuous innovation stage (2024 and future):

After 2024, the industry of lithium battery formation and grading detection systems has entered a critical development stage characterized by highly mature technology, intense competition, and globalization. In terms of technology, there has been a significant leap in the system automation and intelligence level, which enables efficient and stable completion of large-scale lithium battery formation and capacity detection tasks. With the help of advanced intelligent algorithms, the detection process can be accurately optimized, energy consumption can be significantly reduced, and production capacity utilization can be greatly improved. In terms of market competitiveness, there are numerous enterprises in the industry, but their scale is generally small, and the product homogenization phenomenon is quite obvious. With the continuous improvement of technological barriers, enterprises with weak R&D capabilities and poor cost control are facing great survival pressure. Industry integration is accelerating, and top enterprises rely on their technological advantages, brand influence, and perfect after-sales service system to continuously consolidate their market position. In addition, with the trend of globalization in the lithium battery market, enterprises in major markets such as the Chinese, the US, and European markets are actively expanding their overseas businesses. The lithium battery formation

and grading detection system industry will face core challenges and opportunities such as technological iteration, market integration, and compliance.

From the initial starting and emergence, to overcoming obstacles and leading the trend of the times, the lithium battery formation and grading detection system industry has become an important field with highly mature technology, fierce market competition, and global characteristics. In the future, the Company will continue to focus on technological breakthroughs, application expansion, and global collaboration. With the integration and international layout within the industry, the Company has a broad prospect in this industry, accompanied with opportunities and challenges.

(2) Basic characteristics of the lithium battery formation and grading detection equipment industry

- **High efficiency and automation:**

In 2024, the lithium battery formation and grading detection system gradually achieved automation and intelligence. The system could not only perform detection tasks on a large scale and stably, but also optimize the detection process through intelligent algorithms, reduce energy consumption, and improve capacity utilization rate.

- **High accuracy and stability:**

With the increasing demand for battery performance, higher requirements had been put forward for the accuracy and stability of the detection system in 2024. The equipment was required to provide accurate detection data in a shorter time and ensure consistency between batches.

- **Data collection and analysis:**

Through the application of Internet of Things (IoT) technology, detection systems in 2024 were able to collect, transmit, and analyze massive data in real-time. These data are helpful for optimizing the production process, improving product quality, and implementing predictive maintenance.

- **Security and environmental protection:**

Due to the high activity of lithium batteries during the formation process, the 2024 system design attached greater importance on safety and was equipped with multiple safety protection mechanisms. At the same time, the equipment was also more environmentally friendly in terms of energy management and exhaust gas treatment, in line with the increasingly strict environmental protection regulations worldwide.

- **Customer stickiness and certification requirements:**

Lithium battery manufacturers have high stickiness towards equipment suppliers, and they are extremely cautious when choosing equipment suppliers. They focus on the supplier's research and development design capabilities, mastery of production processes, after-sales service capabilities, etc. Once a supply relationship is formed, customers generally do not easily change suppliers. After successful device development, multiple stages such as on-site operation, installation and commissioning, prototype use, etc. are needed, with a long certification cycle and high costs.

(3) Main technical barriers for the lithium battery formation and grading detection equipment industry

- **High precision control and measurement technology:**

The accurate control of voltage and current as well as the precise measurement of battery parameters in the process of formation and grading is one of the key technologies. To achieve uniform control of each battery in large-scale production, the measuring equipment is required to have a very high level of accuracy, and also face great stability challenges under long periods of time and large loads.

- **Heat dissipation and energy management:**

The process of formation and grading is highly energy consuming, and the key issue is how to effectively manage heat dissipation, reduce energy loss, and avoid overheating. Advanced thermal management technology and efficient energy recovery systems are needed to ensure the continuous and stable operation of the system.

- **Big data analysis:**

In the detection system, a large amount of data needs to be processed and analyzed in real-time to improve the yield and quality stability of batteries. How to use artificial intelligence algorithms for real-time monitoring, anomaly detection, and fault prediction is one of the important technological barriers in the industry.

- **Modular and scalable design:**

Due to the diversity of lithium battery production lines, modular design and scalability of formation and grading detection systems have become an important direction for technological development. The

systems need to be able to flexibly adapt to the needs of different production lines while ensuring system consistency and stability during expansion.

- **Technological accumulation and innovation capability**

The technical barrier for lithium battery backend equipment is not only reflected in the current technological level, but also in long-term technological accumulation. With the rapid development of lithium battery technology, backend equipment enterprises need to continuously innovate their technology to meet the higher requirements of downstream customers for equipment performance and functionality.

2. Analysis of the Company's position in the industry and its evolution

Hangke Technology is one of the leading manufacturers of lithium battery production equipment in China. In particular, it occupies an important position in the field of lithium battery post-processing component capacity equipment manufacturing.

(1) Analysis of Hangke Technology's position in the industry

- **Market share:**

Hangke Technology has a significant market share in the lithium battery formation and grading equipment market, especially in the Chinese market where it holds a significant leading position. The Company has strong competitiveness in the production and technological development of formation and grading equipment, and its products are widely used in the later stages of lithium battery manufacturing. Its customers include major battery manufacturers at home and abroad, such as BYD, EVE Energy, Gotion High-Tech, SUNWODR, SK, Samsung, LG Chem, etc.

- **Technological advantages:**

Hangke Technology continues to invest in technology research and development, and has strong independent research and development capabilities. The Company focuses on the automation and intelligent development of equipment, and has made breakthroughs in key technological fields such as high-precision control, energy recovery, and intelligent data analysis. Its equipment has shown excellent performance in production efficiency, detection accuracy, and stability, and has been widely recognized.

- **Brand influence:**

As an important participant in the industry, Hangke Technology has established a good brand image through long-term market accumulation and technological innovation. The Company has a stable customer base in multiple domestic and international markets, with high brand awareness and reputation. Especially in the Chinese market, Hangke Technology is regarded as one of the benchmark enterprises in the field of lithium battery production equipment.

- **Global layout:**

In addition to having a strong influence in the domestic market, Hangke Technology also actively explores overseas markets. The Company gradually enhances its competitiveness in the international market through global market layout and customer service network construction. Especially against the backdrop of rapid expansion in the global new energy vehicle market, Hangke Technology's internationalization strategy has further promoted the consolidation and enhancement of its industry position.

(2) Changes in Hangke Technology's position in the industry

- **Intensified market competition:**

With the rapid growth of the lithium battery market, more and more companies enter the lithium battery production equipment field, and market competition becomes increasingly intensified. Although Hangke Technology still holds a leading position in the market, it also faces challenges from emerging companies and international giants. In order to maintain its competitive advantage, Hangke Technology continuously upgrades its technology and innovates its products to cope with market changes.

- **Continuous technological upgrades:**

By integrating automation technology, information technology, and computational simulation, lithium battery production efficiency and flexibility have been greatly improved. For example, Hangke Technology has introduced big data analysis and Internet of Things (IoT) technology, further enhanced the automation level of its equipment. Its intelligent detection system can monitor the production process in real time, automatically adjust process parameters, significantly improve production efficiency and product quality stability, while reducing manual detection errors and costs. These technological advancements have helped Hangke Technology consolidate its leading position in the industry and maintain its technological advantage in market competition.

● **Market share changes:**

With the expansion of the market and the intensification of competition, Hangke Technology has experienced certain fluctuations in its market share. Despite of new competitors, Hangke Technology succeeds in maintaining a high market share by strengthening cooperation with major customers, expanding into emerging markets, and increasing added values of products. In the future, with the expansion and upgrading of more battery production lines, Hangke Technology is expected to continue expanding its market share.

● **Global development:**

China's leading lithium battery manufacturers continue to explore overseas markets and have established deep cooperation with leading global vehicle companies. In addition, some battery companies need local lithium battery intelligent equipment suppliers to build production lines overseas. Therefore, Hangke Technology is actively laying out production lines overseas to meet this demand. Hangke Technology has strong competitiveness and market influence in the field of lithium battery formation and grading equipment, and its industry position is gradually improving with technological progress and market expansion. However, with the intensification of market competition and the acceleration of technological change, the Company is also facing challenges. Through continuous technological innovation and promotion of internationalization strategy, Hangke Technology is expected to maintain its leading position in the industry in the future and further consolidate its global market influence.

3. Development of new technologies, new industries, new business forms and new modes during the reporting period and future development trends

① **Development of new technologies**

a. Intelligence and automation technology:

Hangke Technology continued to increase its R&D investment in intelligent and automation technologies during the reporting period. By introducing big data analysis and Internet of Things (IoT) technologies, the Company has further enhanced the automation level of its devices. The intelligent detection system can monitor the production process in real time, automatically adjust process parameters, and improve the stability of production efficiency and product quality. These technological advancements not only improve the Company's production capacity, but also help customers reduce operating costs.

b. High precision control technology:

Accurate control of voltage and current is crucial in the process of lithium battery formation and grading. During the reporting period, Hangke Technology continued to optimize its high-precision control technology and launched equipment with higher control accuracy and stability, ensuring batch consistency in large-scale production and further enhancing the market competitiveness of the Company's products.

c. Acceptance and delivery:

During the reporting period, some equipment in projects has successfully completed the customer acceptance process and been delivered. In the acceptance stage, the Company strictly followed established technical standards and specifications, and conducted comprehensive and detailed tests on the performance, stability, and safety of equipment.

② **Development of new industries**

a. Layout of the energy storage industry:

With the rapid development of the global energy storage market, Hangke Technology actively laid out the energy storage battery production equipment field during the reporting period. The Company has developed a formation and grading device suitable for large-scale energy storage batteries, meeting the needs of energy storage batteries in different application scenarios. This not only expands the Company's business scope, but also provides new impetus for future performance growth.

b. Expansion of the new materials industry:

During the reporting period, Hangke Technology also ventured into the field of new materials for lithium batteries, particularly, it conducted forward-looking research and layout on next-generation battery technologies such as solid-state batteries and small steel shell technologies. By cooperating with new material research institutions and battery manufacturers, the Company developed production testing equipment and products that are suitable for new materials, to ensure that it can maintain a technological leadership in the new materials era.

③ Development of new models**a. Full lifecycle service model:**

Hangke Technology further improved its full lifecycle service mode during the reporting period, covering the entire process from equipment research and development, manufacturing, sales to after-sales service. By establishing a customer data management platform and remote operation and maintenance system, the Company can provide customers with technical support services such as real-time equipment operation status monitoring, fault warning, and rapid response. This model not only improves customer satisfaction, but also enhances customer stickiness and dependence.

b. Digital platform operation mode:

During the reporting period, Hangke Technology actively explored the operation mode of digital platforms. It introduced the SAP system for internal operations, and the R&D team also achieved equipment interconnection and data sharing through the construction of a device cloud platform. Customers can remotely manage their production lines through this platform and obtain real-time equipment operation data and production process parameters, which greatly improves their production management efficiency. The operation mode of the digital platform has also laid the foundation for the Company's further development in the intelligent manufacturing field in the future.

④ Future development trend**a. Continuous deepening of technological innovation:**

Hangke Technology will continue to increase its investment in technology research and development in the future, especially in the fields of intelligence, automation, and new energy equipment, to further promote technological innovation. It expects to continue optimizing high-precision control, energy recovery, and environmental treatment technologies for equipment to meet the increasingly stringent technical standards and environment protection requirements in the industry.

b. Global expansion and international cooperation:

With the increasing demand for lithium battery equipment in the international market, Hangke Technology will further accelerate its globalization expansion by collaborating with international battery manufacturers, establishing overseas subsidiaries, and building a global service network to enhance its competitiveness in the international market. At the same time, international cooperation will also become an important means for the Company to acquire cutting-edge technology and explore new markets.

c. Expansion of new application areas:

Hangke Technology will continue to expand its layout of lithium battery equipment in new application areas, including emerging markets such as energy storage, electric aviation, and smart homes. With the increasing demand for lithium batteries in these new fields, the Company is expected to further expand its business scope and increase market share by providing customized production equipment and solutions.

d. Development of digitalization and intelligent manufacturing:

Digitization and intelligent manufacturing will be an important direction for the future development of Hangke Technology. The Company will further improve its digital platform, promote equipment interconnectivity, and achieve comprehensive intelligent management of the production process through big data analysis. This will not only help improve the operational efficiency of the Company, but also enhance its competitive advantage in the field of intelligent manufacturing.

In summary, Hangke Technology enhanced its market competitiveness and industry influence through technological innovation, industrial expansion, and model transformation during the reporting period. In the future, the Company will continue to strategically layout around technological deepening, global expansion, and digital transformation to respond to industry changes and market demands, and maintain its leading position in the field of lithium battery production equipment.

The main business of the Company is the full set of R&D, design, production and service of all kinds of rechargeable battery post-production processing system. At present, the Company has the core technical ability and global service team in the R&D, production and delivery of core equipment for post-processing system, such as negative voltage series formation equipment, integrated charger/discharger, BOX-type fixture formation and capacity system, DC/AC voltage internal resistance tester, high temperature pressurized formation equipment, battery cycle testing equipment, battery pack testing system, and so on. Combined with the Company's self-developed MES system, logistics scheduling system, intelligent warehouse management system, chemical composition management system, 3D digital management system, and machine vision, it has become a total solution provider of post-processing systems for lithium-ion battery production lines. It is also one of the very few domestic

leading enterprises in the global lithium-ion battery manufacturers' services, and the equipment is continuously exported to Germany, Sweden, France, the United Kingdom, the United States, Japan, South Korea, Malaysia, Singapore, Poland, Hungary and other global markets.

The Company continues to maintain a leading position in the market for back-end equipment for lithium battery production, and its technology, R&D and products are always at the forefront of the industry. The back-end equipment is a multidisciplinary and large-scale comprehensive system, and the Company has outstanding core technologies in this field. Lithium-ion battery production line post-processing system involves multiple disciplines such as mechanical design, hardware circuitry, automation application, software development, big data application etc., which requires comprehensive integration of knowledge in multiple fields. The Company's core technologies include digital power supply technology, high-frequency PWM converter technology, full-automatic calibration technology, high-temperature pressurized charging and discharging technology, high-precision linear charging and discharging technology, high-frequency SPWM/SVPWM converter technology and energy recovery technology, as well as the energy storage DC distribution system, and the heat pump management system integrated application and management.

(IV) Core Technology and R&D Progress

1. Core technologies and their sophistication and changes during the reporting period

The Company takes technology and R&D as its core competitiveness, and has been committed to the accumulation and development of technologies related to lithium-ion battery reprocessing since its establishment, and the Company is preparing for and expanding the application of the technology in the whole back-end system in 2024. Currently the Company's main core technologies are as follows.

Project Type	Name of Technology	The Company's Technology Level	Core Technology Sources	Innovation Approaches
4680 integrated power supply, normalized power supply system	① High-precision charging and discharging performance indexes	① Setting current range/resolution 0.1mA-60A/0.1mA ② Current accuracy/display resolution: $\pm 0.02\% \sim \pm 0.05\%$ FSmA/0.1mA ③ Setting charging voltage range/resolution: 0-5V/0.1mV; ④ Setting discharge voltage range/resolution: 1.5-5V/0.1mV; ⑤ Voltage accuracy/display resolution: $\pm 1\text{mV}/0.1\text{mV}$ ⑥ Driving board charging and discharging efficiency: $\geq 90\%$ ⑦ Number of charging and discharging channels for a single machine: Nx16 (n is the number of boards, and $n \leq 16$)	Independent R&D	Original innovation
	② Integrated design of charging and discharging control	① Dynamically configurable digital inputs/outputs and analog inputs/outputs ② Modularization of negative pressure control software ③ Flow valve, fan, temperature sensor PID regulation, dynamic control	Independent R&D	Original innovation
4680 tandem formation and grading integrated machine	① Tandem charging and discharging technology	① Charging and discharging full load efficiency $\geq 85\%$ ② Charging and discharging current accuracy: 0.05% ③ Charging and discharging voltage accuracy: 0.05% ④ 0-100% output during current response time, reaching 90% of the set current	Independent R&D	Original innovation

		within 30ms, current overshoot $\leq 1\%$ ⑤ Voltage line leakage current, power line leakage current $\leq 100\mu\text{A}$ ⑥ Current resolution: 1mA ⑦ Voltage resolution: 1mA		
	② Common DC-bus technology	Supports DC-bus distribution	Independent R&D	Original innovation
Common DC-bus square formation and grading integrated machine	① Common DC-bus technology	① 700VDC - 5VDC bidirectional integrated machine DCDC module development and update, charging efficiency 94%, discharging efficiency 94%; ② 15VDC - 5VDC integrated machine DCDC module development and update, charging efficiency 96%, discharging efficiency 95%;	Independent R&D	Original innovation
	② Negative pressure formation integration technology	① The integrated design of the constrained tray and negative pressure components ensures that the battery is in a sealed state when leaving the equipment, the tray comes with a negative pressure sealing device, so the open battery storage environment does not need dew point control; ② The integrated design of equipment power supply mechanism improves the space utilization rate by approximately 30%;	Independent R&D	Original innovation
BOX type polymer pressurized formation system	High-temperature high-pressure formation technology	① Temperature range: room temperature-110°C (accuracy: $\pm 2^\circ\text{C}$) ② Current range: 0.04-300A; (Accuracy: $\pm 0.05\%$ FS) ③ Voltage range: 0-5V; (Accuracy: $\pm 1\text{mV}$) ④ Pressure range: 0.3-50T; (Accuracy: $\pm 1.5\%$ FS)	Independent R&D	Original innovation
	Fully automatic negative pressure technology	① Negative pressure exhaust during the formation process; (Accuracy: $\pm 0.05\text{kPa}$) ② The jig channel can be air-pressurized; ③ Stacker delivery mode, fully automatic calibration changeover, 18PPM/L;	Independent R&D	Original innovation
Blade constant-temperature negative-pressure formation and grading equipment	High temperature environment control system	① Temperature range: RT~+80°C ② Temperature fluctuation: $\leq \pm 0.5^\circ\text{C}$ ③ Temperature uniformity: $\leq \pm 2^\circ\text{C}$ ④ Temperature rise speed: 3°C/min (no-load, average speed) ⑤ Temperature overshoot: $\leq 1^\circ\text{C}$	Independent R&D	Original innovation
	Constrained negative pressure charging and discharging system	① Current range: 0.04-200A; (Accuracy: $\pm 0.05\%$ FS) ② Voltage range: 0-5V; (Accuracy: $\pm 1\text{mV}$) ③ Integrated negative pressure system, high temperature environment	Independent R&D	Original innovation

During the reporting period, Hangke Technology has achieved a number of important R&D results, which have further strengthened its technological leading position in the field of lithium battery production equipment and promoted the upgrading of the Company's products and market expansion. The following are the major R&D results of Hangke Technology during the reporting period:

1. New-generation intelligent formation and grading equipment

Hangke Technology successfully developed a new-generation intelligent formation and grading equipment during the reporting period. This equipment integrates big data analysis technology, and is capable of real-time monitoring and optimizing various parameters in the formation and grading process. This equipment can not only improve production efficiency, but also significantly enhance product consistency and quality stability. The launch of the intelligent formation and grading equipment marks a major breakthrough of Hangke Technology in terms of equipment intelligence, which further meets the needs of high-end lithium battery manufacturers.

2. High-efficiency energy recovery system

During the reporting period, Hangke Technology developed a highly efficient energy recovery system, which is applicable to the formation and grading process of lithium batteries. The system is capable of effectively recovering energy during the formation and grading process and reusing the energy in the production line, thus significantly reducing energy consumption. The launch of this system is not only in line with the global trend of energy saving and environmental protection, but also helps customers to reduce their production costs and enhance the competitiveness of their products in the market.

3. Modular production line design

The modular production line design developed by Hangke Technology gained wide attention during the reporting period. The design concept allows customers to flexibly configure the production line according to their actual production needs, and the modularized equipment can be quickly adjusted or expanded to accommodate the production of different types and specifications of lithium batteries. This innovation significantly improves the flexibility and adaptability of the production line and enables customers to respond faster to changes in market demand.

4. Advanced thermal management technology

To address the high heat generated in the formation and grading process of lithium batteries, Hangke Technology developed an advanced thermal management technology during the reporting period. The technology, which includes a highly efficient heat dissipation design and temperature control system, is capable of ensuring production efficiency while avoiding equipment failure or battery performance degradation due to overheating. The application of this technology has greatly enhanced the stability and safety of equipment.

5. Digital management platform

Hangke Technology launched a digital management platform during the reporting period, through which customers can monitor the operation of production lines in real time and obtain detailed production data and analysis reports. Based on Internet of Things (IoT) technology, the platform supports remote management and maintenance of equipment, which effectively improves the production management efficiency and equipment operation stability. This R&D achievement marks an important step in Hangke Technology's digital transformation.

6. Production equipment adapted to new battery technologies

With the rise of new battery technologies such as solid-state batteries, Hangke Technology developed equipment suitable for producing such new batteries during the reporting period. The equipment has significant advantages in handling new materials and processes, and can meet the needs of future battery technology development, laying a solid foundation for the Company to compete in the field of next-generation battery technology.

7. Environmental-friendly equipment

Against the background of increasingly strict environmental protection policies, Hangke Technology has developed a series of environmental-friendly equipment which has excellent performance in energy consumption, exhaust gas treatment, noise control, etc., complies with international environmental protection standards and helps customers to meet the requirements of local environmental protection regulations and reduce the impact on the environment.

The R&D achievements made by Hangke Technology during the reporting period not only enriched the Company's product line, enhanced the technological content and market competitiveness of its products, but also laid a solid foundation for the Company's future development. Through continuous innovation in the fields of intellectualization, energy saving and environmental protection, adaptability

of new materials and digital management, Hangke Technology has demonstrated its strong R&D capability and market foresight, and is expected to continue to lead the development of the lithium battery production equipment industry in the future.

National Science and Technology Award Winners

☐Applicable ☒Not Applicable

Recognition of State-level SRDI and New "Small Giant" Enterprises and Manufacturing "Single Champions"

☐Applicable ☒Not Applicable

2. R&D Results Achieved During the Reporting Period

In 2024, the Company obtained 73 invention patents, 64 utility model patents, and 2 software copyrights. As of 2024, a total of 400 patents have been obtained, including 112 invention patents, 264 utility model patents, 4 design patents, and 20 software copyrights.

List of intellectual property rights acquired during the reporting period

	New for the year		Cumulative number	
	Number of applications	Number of acquisitions	Number of applications	Number of acquisitions
Patents for inventions	27	73	112	112
Utility model patents	35	64	264	264
Design patents	0	0	4	4
Software copyright	2	2	20	20
Total	64	139	400	400

3. R&D Investment

Unit: Yuan

	This Year	Previous Year	Change (%)
Expensed R&D investment	257,146,092.32	243,563,558.47	5.58
Capitalized R&D investment			
Total R&D investment	257,146,092.32	243,563,558.47	5.58
Total R&D investment as a percentage of operating income (%)	8.63	6.19	Increased by 2.44%
Share of R&D inputs capitalized (%)			

Reasons for significant change in total R&D investment from the previous year

☐Applicable ☒Not Applicable

Reasons for the significant change in the proportion of R&D inputs capitalized and its justification

☐Applicable ☒Not Applicable

4. Ongoing research projects

√Applicable □Not Applicable

Unit: Yuan

S.N.	Project Name	Projected total investment size	Amount invested during the period	Cumulative amount invested	Progress or milestones	Proposed target	Technical level	Specific application prospects
1	4680 tandem formation and grading integrated machine	19,000,000.00	11,719,037.08	18,941,247.87	The prototype scheme has been completed and the technical indicators are being tested.	1. 64CH, 144CH and 256CH tandem charging and discharging equipment all realized constant current and constant voltage working mode; 2. Charging and discharging full-load efficiency reached 85% and above, and the current and voltage accuracy reached 0.05%; 3. The technical status of the complete equipment and safety measures meet the needs of customers.	1. The driver board adopts the latest silicon carbide technology, single-board power input can withstand 350V high voltage; 2. Exit components achieve the constant voltage function through the high-precision pwm adjustment of the current input; 3. Provides the software and hardware constant voltage dual function (configurable).	1. After Tesla's large-scale promotion of 4680 batteries, domestic and foreign battery companies also accelerate 4680/95 series battery R & D, expanding the production capacity, and the market demand has increased dramatically, with wide application scenarios; according to industry forecasts, 4680/95 series batteries are expected to become the standard model of cylindrical

								power batteries. 2. The world's first-class battery manufacturers have gradually started to adopt tandem charging and discharging devices.
2	4680 large cylinder overseas standard integrated machine	18,500,000.00	18,218,326.55	18,218,326.55	Focusing on in-depth testing and optimization of liquid cooling pipeline systems and thermal conductive materials.	1.Adopting the tray cavity negative pressure process to eliminate the negative pressure drying room environment; 2.Vacuum environment replaces warehouse fire protection; 3.Tray integrated water-cooling; 4.Integrated one-piece circuit board	1.The circuit board adopts the latest third-generation semiconductor technology and digital circuits; 2.Integrated embedded water cooling, completely getting rid of air-cooling; 3. Vacuum environment, greatly improving safety performance.	Currently, the 4680 large cylindrical battery in most overseas markets adopts the negative pressure technology, which requires huge investment for explosion-proof measures, drying room cost investment, complex process requirements. The newly developed all-in-one machine not only solves the technical difficulties, but also significantly reduces costs

								and improves equipment safety, with broad application prospects. It is a milestone innovation upgrade for the 4680 cylindrical charging and discharging equipment.
3	256CH large cylinder negative pressure formation water heating thermostat	17,000,000.00	16,871,869.18	16,871,869.18	R&D design has completed.	1.256CH negative pressure leakage rate $\leq 0.3\text{Kpa}$; 2. Equipment self-heating temperature uniformity $45 \pm 3\text{ }^{\circ}\text{C}$; 3. Stability verification of 256CH single cylinder mode mechanism;	Pre-research equipment development; validation of water cooling temperature uniformity	It has been verified by overseas large cylinder 4680 projects, and the solution of canceling high temperature rooms has a great prospect in the future; the design of a seamless integrated machine without partition walls can be realized.
4	Large cylinder normalized charge/discharge control system	5,600,000.00	5,464,241.18	5,464,241.18	All testing has been completed and meets the expected objectives.	1. Reduced the cost of equipment control system by 50%; 2.Reduced the space occupation rate of	World leading	It has been validated and recognized by many first-class domestic and foreign

						equipment: 40% less space than the existing split charging and discharging equipment; 3. Improved the charging and discharging efficiency: improved the driver board charging and discharging efficiency by at least 5% through the application of high-voltage DC bus design; 4. Reduced the calibration time of the whole machine by at least 50% through the high efficiency calibration tooling design; 5. Pin board assembly internal air duct design, circuit board efficiency improved, and the temperature rise and temperature uniformity of battery improved.		customers, and has already received big orders for batch delivery.
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5	Battery cell self-discharge parameter test system	15,000,000.00	14,694,371.59	14,694,371.59	All testing has been completed and meets the expected objectives.	1. Shortened the resting time after the cell grading process, and greatly improved the efficiency; 2. Search for battery characteristic curves that cannot be identified in current conventional solutions and predict NG cells in advance.	1. Fully verify the feasibility through a large number of experiments. Continuously revise and improve on the existing technical program. 2. Use different stresses to stimulate different failure modes to eliminate non-conforming batteries. Adopt precise measurement technology, and combine environmental stresses (temperature and time, electric pulse, etc.) to stimulate the failure mode of defective batteries. Provide a new scheme utilizing big data computing to replace long-term storage, and forming NG models for safe predictive big data software.	Has won an order from a Korean customer and has already shipped to the customer's site for testing. In addition, the system solution is under negotiation with customers in Japan, Korea, Europe and the United States at the same time.
6	High and low temperature integrated cycle test equipment	5,100,000.00	4,944,423.80	4,944,423.80	The equipment manufacturing has been completed	Test temperature range: -40°C~85°C Temperature accuracy: ±2°C Applicable: Square	Few similar products in China, industry-leading performance	Suitable for high temperature, high and low temperature testing and cycle

					and meets the expected objectives.	battery, cylindrical battery Voltage: 0-5V Current: 0-600A Accuracy: 0.02%FS		aging testing of square and cylindrical batteries.
7	500V300A pack test system	5,200,000.00	5,052,566.37	5,052,566.37	The equipment manufacturing has been completed and meets the expected objectives.	Voltage:0-500V Current:0-300A Power:150KW/CH Accuracy:0.02%FS Integrated ARM control system CAN communication	The technical level of this equipment has reached that of domestic first-tier module test equipment, and can meet the needs of most customers.	Suitable for 300-500V battery module testing; a Korean first-tier customer has a batch demand for this equipment for 300V600A module charging and discharging.
8	Blade hydrothermal negative pressure formation integrated machine	12,800,000.00	12,683,832.72	12,683,832.72	All testing has been completed and meets the expected objectives.	1. Uses hot water temperature control, to achieve a high temperature control of 45 ± 3 °C; 2. Negative pressure components are separated from the equipment to ensure that the battery is in a sealed state when leaving the equipment; 3. Adopts the one-piece design, so that the formation process does not	1. Integrated design of the constrained tray and negative pressure components, to ensure that the battery is in a sealed state when leaving the equipment; the tray comes with a negative pressure sealing device; the open battery storage environment does not need dew point control; 2. Integrated design of equipment power supply structure, improving space utilization rate	Hangke Technology's hydrothermal negative pressure formation all-in-one machine has been recognized by European and American customers, winning square equipment batch export orders; while generating substantial economic benefits, it also comprehensively

						require environmental control.	by approximately 30%; 3. Adopting water-heating for temperature control; high-temperature negative pressure formation does not require environmental temperature control; temperature uniformity controlled at 45 ± 3 °C. 4. Negative pressure components separated from the equipment; negative pressure does not need processing in dry environment;	enhances the visibility of Hangke Technology in the field of square equipment, and paves the way for overseas projects in the future.
9	High voltage tandem formation integrated machine	24,000,000.00	23,694,761.12	23,694,761.12	The verification work has been completed and meets the expected objectives.	1. Automatic inflation and deflation of the 104-channel airbag tray, during which the airbag pressure is checked; 2. Liquid injection module charging and discharging integrated machine: liquid injection before charging and replenishment after the completion of	1. The first use of 104-channel airbag tray; 2. Collection of liquid injection module charging and discharging integrated machine; 3. The liquid injection module follower function accommodates the incoming material errors, ensuring airtightness by aligning the suction nozzle.	Suitable for use in blade batteries, not suitable for separate constrained work station and liquid injection machine

						the process; 3. The liquid injection module follower mechanism is compatible with the assembly errors and incoming material errors, ensuring airtightness by aligning the suction nozzle.		
10	Square High Voltage DC Busbar Distribution Systems	12,500,000.00	12,288,435.96	12,288,435.96	Test objectives have been accomplished and the products have been shipped for use.	1. The square high-voltage DC bus distribution system has been completed; 2. Whole machine discharge energy utilization rate reached 80%; 3. Project shipments have been completed for several domestic customers, and the high-voltage busbar equipment has been put into batch production and use.	Charging/discharging efficiency has reached the international leading level.	Can further save electricity for customers and reduce the capacity of their inverter configurations, thereby saving production line investment and usage costs for them, with broad application prospects.
11	Artificial intelligence-based embedded controller	3,200,000.00	3,178,133.35	3,178,133.35	The work has been completed and meets the expected	1. Achieved platform, generalization, standardization, and can provide a	Industry leading	It can be used in a wide range of applications such as formation,

					objectives.	variety of services for businesses; 2. Features high availability, strong scalability, easy maintenance etc., providing a flexible, fast, simple implementation and commissioning solutions for business applications; 3. Not only meets the needs of mass production-type equipment, but also serves as a cyclic test-type equipment controller; 4. Improves system intelligence through machine learning, and thus reduces the cost of production and improves efficiency.		grading, and cycling test equipment as well as back-end processing equipment such as DCIR and OCV.
12	Stacker-based loading and unloading system for soft pack batteries	20,000,000.00	19,548,310.84	19,548,310.84	1.Stacker mode gripper design has been completed,	1. PPM>20; 2. Full load (1000Kg): if cantilever 1.5m, full load, deflection control	Combination with pneumatic fixtures and storage-based management of molded fixtures	At present, a Korean customer has already used the stacker pattern

					and the relevant information has been submitted to the customer; 2.For the stacker body and fork design program, preliminary review has been completed, and will be further refined.	should be within 10mm, if no load, control within 5mm.	results in lower operating and maintenance costs and higher efficiency.	fixture machine in batch, and after completing the design of this part, Hangke Technology can put this part of the equipment into wide application by overseas first-line customers.
13	Softpack high-voltage DC-bus battery capacity integrated machine	26,500,000.00	25,177,367.56	25,177,367.56	1. 750V-5V DC power supply: has achieved large-scale production on the 400A platform. 2. 15V-5V DC power supply: has achieved mass production on the 400A platform and design and development on the 600A	1.Using the fourth generation semiconductor GAN, the overall charging efficiency should reach at least 82%, discharging efficiency should reach at least 80%; 2. Control the internal battery temperature uniformity on the storage through the PWM fan and water-cooling system within $\pm$	Significantly improves the overall efficiency of charging and discharging of soft pack equipment. Compact size and water-cooling application increase the utilization rate of the plant by more than 40%. Improves the temperature difference between storage spaces and reduces the influence of temperature on capacity.	This equipment is developed for technical verification, to prepare for the subsequent bidding of Korean customers, and also to prepare for the competition in the industry power soft pack market, and to realize the mass production application of

					platform, with the capability for mass production.	2.5 °C; 3. Develop a new all-in-one 100A DC/DC module, to meet the voltage and current accuracy of 0.05% FS or less, and ensure stable module performance.		the first soft pack high voltage DC-bus battery capacity integrator in the market.
14	EV power battery negative pressure formation system	17,500,000.00	17,230,982.13	17,230,982.13	Equipment acceptance has been completed.	1.Complete clip is adjustable left and right; 2. Completed the production of tooling; 3.Double overhead cranes interlinking with a venting robot hand; 4.Adopting an explosion-proof vacuum system 5. Improved the sealing of the suction cup.	Industry leading	Promotion of negative pressure formation of soft pack batteries among Japanese and Korean customers.
15	Pre-Pressure Self-Discharge Tester	16,000,000.00	15,504,963.94	15,504,963.94	It has been transformed and verified on a customer project in North America, and has been preliminarily approved by	Preliminary pressurization and OCV data testing prior to formation according to customer requirements, to pre-screen batteries for defects, and to screen batteries in	Currently in the validation phase of a new technology program.	Mass production will be applied to customer projects in Japan, Korea and North America.

					the customer, with small batch delivery.	advance.		
16	Solid state high pressure clamping machine	21,000,000.00	20,814,516.74	20,814,516.74	1. 40T: has completed customer installation testing; 2. 80T (100T) fixture: has completed small-scale production and delivery.	1. The pressure meets the customer's large pressure requirements; 2. Pressure uniformity $\pm 2\%$ RD or less; 3. Continuous validation to improve flatness.	Currently in the experimental validation and mass production application feasibility assessment stage; A new type of high-pressure fixture machine that meets the needs of solid-state battery production.	Solid state battery will be a mainstream battery technology in the near future. Currently, all major battery manufacturers have put forward demands for high pressure fixtures, and the research and development of this project provides a pre-study for subsequent solid-state battery production equipment, which has a broad market prospect.
17	Steel shell negative pressure formation and grading integrated	20,000,000.00	19,691,463.82	19,691,463.82	Obtained customer orders, and the relevant equipment is currently in	Completed the development of different models of steel shell battery negative pressure formation and	Industry leading	Steel shell battery negative pressure formation and grading integrated

	machine				the delivery process.	grading integrated machine, and communicated with the head enterprises about the new project plan at the same time.		machine, responding to the new battery regulation requirements in Europe and America.
18	Blade constant temperature negative pressure formation and grading equipment	18,000,000.00	10,368,488.39	10,368,488.39	Obtained overseas customer's experimental line orders, which have been delivered and used on-site	1. Realized built-in high-temperature environment for the devices; 2. Realized the integrated mechanical function under high temperature environment, constrained pressure, and negative pressure; 3. Meets the customer's formation process requirements.	1. Adopting a high-temperature chamber for temperature control and regulating the temperature of the battery cell production environment; 2. Adopting the latest digital power supply to improve output and sampling accuracy.	1. Realized the integration of high temperature, high pressure, and negative pressure pumping during square battery cell production; 2. Reduced environmental control requirements for production plants to meet energy-saving and emission reduction requirements.
Total	/	276,900,000.00	257,146,092.32	264,368,303.11	/	/	/	/

Information note

None.

5. R&D personnel

Unit: 10,000 Yuan Currency: RMB

Basics		
	Current period	The previous period
Number of R&D personnel in the Company (persons)	1,101	1,113
Number of R&D personnel as a percentage of total company headcount (%)	28.58	26.92
Total R&D staff remuneration	17,651.41	16,166.30
Average salary of R&D staff	16.03	14.52

Educational structure of R&D staff	
Type of academic structure	Number of persons
PhD	0
Master's degree	60
Bachelor's degree	558
Specialized training school	396
High school and below	87
Age structure of R&D staff	
Age structure	Number of persons
Under 30 years of age (not including 30 years old)	732
30-40 years old (including 30 years old and excluding 40 years old)	309
40-50 years old (including 40 years old, and excluding 50 years old)	50
50-60 years old (including 50 years old and excluding 60 years old)	9
60 and over	1

Reasons for significant changes in the composition of R&D personnel and impact on the Company's future development

☐Applicable ☒Not Applicable

6. Other notes

☐Applicable ☒Not Applicable

III. Analysis of Core Competencies During the Reporting Period**(I) Core Competitiveness Analysis**

☒Applicable ☐Not Applicable

1. Core technology advantage

The Company takes technology and R&D as its core competitiveness, and has been committed to the accumulation and development of technologies related to lithium-ion battery reprocessing since its establishment. Currently the Company's main core technologies are as follows.

Project Type	Name of Technology	The Company's Technology Level	Core Technology Sources	Innovation Approaches
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4680 integrated power supply, normalized power supply system	①High-precision charging and discharging performance indexes	①Setting current range/resolution 0.1mA-60A/0.1mA ②Current accuracy/display resolution: $\pm 0.02\% \sim \pm 0.05\%FSmA/0.1mA$ ③Setting charging voltage range/resolution: 0-5V/0.1mV; ④Setting discharge voltage range/resolution: 1.5-5V/0.1mV; ⑤Voltage accuracy/display resolution: $\pm 1mV/0.1mV$ ⑥Driving board charging and discharging efficiency: $\geq 90\%$ ⑦Number of charging and discharging channels for a single machine: Nx16 (n is the number of boards, and $n \leq 16$)	Independent R&D	Original innovation
	②Integrated design of charging and discharging control	①Dynamically configurable digital inputs/outputs and analog inputs/outputs ②Modularization of negative pressure control software ③Flow valve, fan, temperature sensor PID regulation, dynamic control	Independent R&D	Original innovation
4680 tandem formation and grading integrated machine	①Tandem charging and discharging technology	①Charging and discharging full load efficiency $\geq 85\%$ ②Charging and discharging current accuracy: 0.05% ③Charging and discharging voltage accuracy: 0.05% ④0-100% output during current response time, reaching 90% of the set current within 30ms, current overshoot $\leq 1\%$ ⑤Voltage line leakage current, power line leakage current $\leq 100\mu A$ ⑥Current resolution: 1mA ⑦Voltage resolution: 1mA	Independent R&D	Original innovation
	②Common DC-bus technology	Supports DC-bus distribution	Independent R&D	Original innovation
Common DC-bus square formation and grading integrated machine	①Common DC-bus technology	①700VDC - 5VDC bidirectional integrated machine DCDC module development and update, charging efficiency 94%, discharging efficiency 94%; ②15VDC - 5VDC integrated machine DCDC module development and update, charging efficiency 96%, discharging efficiency 95%;	Independent R&D	Original innovation
	②Negative pressure formation integration technology	①The integrated design of the constrained tray and negative pressure components ensures that the battery is in a sealed state when leaving the equipment, the tray comes with a negative pressure sealing device, so the open battery storage environment does not need dew point control;	Independent R&D	Original innovation

		②The integrated design of equipment power supply mechanism improves the space utilization rate by approximately 30%;		
BOX type polymer pressurized formation system	High-temperature high-pressure formation technology	①Temperature range: room temperature-110°C (accuracy: $\pm 2^{\circ}\text{C}$) ②Current range: 0.04-300A; (Accuracy: $\pm 0.05\%\text{FS}$) ③Voltage range: 0-5V; (Accuracy: $\pm 1\text{mV}$) ④Pressure range: 0.3-50T; (Accuracy: $\pm 1.5\%\text{FS}$)	Independent R&D	Original innovation
	Fully automatic negative pressure technology	①Negative pressure exhaust during the formation process; (Accuracy: $\pm 0.05\text{kpa}$) ②The jig channel can be air-pressurized; ③Stacker delivery mode, fully automatic calibration changeover, 18PPM/L;	Independent R&D	Original innovation
Blade constant-temperature negative-pressure formation and grading equipment	High temperature environment control system	①Temperature range: $\text{RT} \sim +80^{\circ}\text{C}$ ②Temperature fluctuation: $\leq \pm 0.5^{\circ}\text{C}$ ③Temperature uniformity: $\leq \pm 2^{\circ}\text{C}$ ④Temperature rise speed: $3^{\circ}\text{C}/\text{min}$ (no-load, average speed) ⑤Temperature overshoot: $\leq 1^{\circ}\text{C}$	Independent R&D	Original innovation
	Constrained negative pressure charging and discharging system	①Current range: 0.04-200A; (Accuracy: $\pm 0.05\%\text{FS}$) ②Voltage range: 0-5V; (Accuracy: $\pm 1\text{mV}$) ③Integrated negative pressure system, high temperature environment	Independent R&D	Original innovation

2. Advantage of R&D mechanism and technology innovation mechanism

The Company's existing R&D system has the ability to sustain innovation and a mechanism for continuous technological innovation. In order to safeguard and enhance the core competitiveness of the Company and to continuously improve the technological level and R&D strength of the Company, the Company has introduced the following major measures: adopting the *Design and Development Control Procedures* in the ISO9001 quality system as the working standard of the R&D department; the Company has signed the *Departmental Annual Contracts* with the research institutes, which specifies in detail the basic annual objectives and incentive objectives; and has signed the *Confidentiality Agreements* with all the technicians to prevent the leakage of the Company's technological secrets. Confidentiality Agreement" with all technicians to prevent the leakage of the Company's technical secrets.

① Accurate grasp of market demand - product development on demand

As lithium-ion battery reprocessing systems are basically customized systems, differences in battery type, anode and cathode material systems, plant conditions, automation degree, investment budget scale and end-use applications of lithium-ion batteries will all affect the design details of the reprocessing system. The R&D centers of each institute have specific product directions and customer groups, therefore, the institute starts to intervene in the negotiation at the early stage of the project contact, to directly understand the customer's needs and concepts, to accurately grasp the segmentation characteristics and needs of the specific project, and to make the best solution on the basis of satisfying the customer's needs and combining with the characteristics of the Company's product line. The Institute's responsibilities cover the entire process of initial technical communication, development of technical solutions, determination of technical agreements, design, product manufacturing, on-site installation and acceptance. Through the product on-demand development, the development of the project are targeted. At the same time, direct technical intervention throughout the process minimizes project risks and shortens the project execution cycle to maximize execution efficiency.

② Leading the market trend - standardized and universal design

Different customers or the same customer at different times, their demand for products are discrete and personalized information, the R & D department through the generalization, collation and analysis of the situation of each project, to get a number of common characteristics of the information and the future direction of technological development, combined with the use of the product information feedback, as well as the long-term accumulation of technology and the demand for the future section of the judgment, and continue to carry out the standardization of the product and the generalization of the design. The design will eventually form a design system that contains a large number of standard components and can be flexibly customized, which not only meets the requirements of mass production and manufacturing, but also achieves cost control and shortens the delivery cycle.

③ Key Account Prioritization Strategy - Staying at the forefront of technology

The Company has been pursuing the strategy of prioritizing large customers, and has established close cooperative relationships with first-class domestic and foreign battery manufacturers (LG, SK, Samsung, Panasonic, EVE Energy, BYD, etc.). These global first-class battery manufacturers, leading the highest level of lithium-ion battery production technology, for these companies to carry out equipment supporting, despite the challenges of high requirements and difficulties, but since its cooperation with the experience of the Company's design, manufacturing, service and other aspects of the concept and awareness of the Company has a great impetus to promote the improvement of the Company's business, so that the Company is always at the forefront of technological development, and also develop the Company's global vision. It has also opened up the Company's global vision.

④ Internal incentives - management by objectives

At the beginning of each year, the Company determines the performance target with each institute and signs the *Contracting Agreement*, in which the bottom-line target and reward target are set for the sales performance of products, technological progress and team building. Each institute carries out independent performance accounting, which plays an effective role in incentivizing the innovation enthusiasm of the institute.

3. Market Advantage

The Company has gradually gained customer recognition by virtue of product design that meets customer needs, advanced technology advantages, stable and reliable product quality, and excellent after-sales service. In the field of consumer electronics, we have high-quality customer resources, including Samsung of Korea, LG of Korea, Murata of Japan, EVE Energy, SUNWODA, etc. In the field of power batteries, the Company has high-quality customer resources, including LG of Korea, SK of Korea, BYD and Gotion Hi-tech, and in the field of energy storage batteries, it has high-quality customer resources such as BYD, EVE Energy, and Xiamen Haichen. With the wave of electrification developing towards emerging markets such as Europe, the United States, and India, international first-tier lithium-ion battery manufacturers have put forward expansion plans in international markets such as the United States and Europe. The Company, as a leading technology with a large-scale production and manufacturing capacity, globalization and configuration capacity of lithium battery post-processing systems, is expected to gain further development in the future based on years of global development experience, overseas market layout, and solid production capacity construction foundation.

4. Production scale advantage

The Company has always adhered to the production route of large-scale self-manufacturing, with a high self-manufacturing rate. As of the end of the reporting period, the Company has six factories in China with a floor area of about 550,000 square meters, and has invested in the construction of Korean and Japanese factories overseas. The Japanese factory is located in Osaka, which is mainly responsible for coping with small-scale demand of customers; the Korean factory is located in Buyeo-gun, which is mainly responsible for coping with Korean customers' demand for production expansion in the U.S. market. The construction of factories in Japan and South Korea not only increases the production capacity, but also enables the Company to be more closely connected with customers' demand, maintain closer communication with them, and consolidate and enhance the Company's dominant position in major customers. The advantage of large-scale production capacity at home and abroad is conducive to the Company's undertaking of large-scale customer orders, and at the same time brings about a scale effect, which is conducive to the reduction of production costs.

5. Team management advantage

Since its establishment, the Company has been focusing on the reserve of talents and the innovation of management system. The Company's board of directors and management members, generally have many years of experience in the industry or many years of financial and management experience. The Company actively implements the "people-oriented" talent development strategy and builds a

harmonious team. On the one hand, the Company adopts internal training to improve the skill level of employees; on the other hand, the Company makes full use of various channels to attract high-end talents, and continuously expands and cultivates the backbone team. The Company's key management personnel have rich management experience and industry experience, and are able to quickly grasp the industry development trend and formulate corresponding business strategies to enhance the Company's overall operating ability. Through years of operation, the Company has cultivated a technical R&D team with a high overall level, and no significant changes have occurred in the relevant core technical personnel during the reporting period. The Company's technology R&D work is always in a virtuous circle, effectively accelerating the process of transforming technical achievements into productivity.

(II) Events occurring during the reporting period that caused the Company's core competitiveness to be seriously affected, analysis of the impact and response measures

☐Applicable ☒Not Applicable

IV. Risk Factors

(I) Risk of not yet being profitable

☐Applicable ☒Not Applicable

(II) Risk of a significant downturn or loss in performance

☒Applicable ☐Not Applicable

During the reporting period, the Company realized operating income of RMB 2,981,154,400, with a decrease of 24.18% compared with FY2023.

The main reasons for the changes in the Company's operating results are: 1) affected by factors such as the slowdown in the growth of market demand for lithium-ion batteries, intensified market competition in the lithium-ion battery equipment manufacturing industry, and the prolongation of the acceptance cycle by battery manufacturers, the Company's year-on-year operating income in the current period declined, and the gross margin of the main products declined; 2) the Company has actively laid out the overseas market and has achieved good results. The Company's orders have continued to expand in size, of which the percentage of overseas orders is rapidly increasing, resulting in a significant increase in foreign currency settlement amount overseas; therefore, affected by foreign currency exchange rate fluctuations, this period had a significant increase in exchange losses.

In 2024, the entire industry faces a series of challenges and adjustments as the demand for lithium batteries shrinks in the domestic markets. The slowdown in the global economy has led to a decline in the growth rate of infrastructure, real estate, and large consumption, thus reducing the demand for lithium batteries. Especially in the field of electric vehicles and energy storage, market growth is expected to be suppressed. On the other hand, after the rapid expansion in the previous period, some lithium battery companies are facing the problem of overcapacity. In the context of slowing demand growth, overcapacity has intensified market competition.

In the future, China's lithium industry will usher in a profound transmutation in globalization strategy, the traditional export trade model will be gradually upgraded and transformed from trade-based export to overseas investment in localized development. Therefore, the focus of the future demand for lithium battery equipment will continue to shift outward, and the overseas market will become a new driving force for the industry. With the Company's continued deep plowing of the international market, its brand influence is also increasing. More and more international customers begin to notice and recognize the Company's products and services. Against this background, the Company will give full play to its technology and production capacity advantages, continuously optimize its overseas sales channels and strengthen the construction of overseas factories, so as to comprehensively upgrade its global business layout and enhance its global delivery and service capability.

(III) Core competency risk

☒Applicable ☐Not Applicable

1. Risk of technology and product substitution

The post-processing system equipment developed and produced by the Company is based on electrochemical principles and applied to the production of various types of nickel-metal hydride, lithium-ion and other rechargeable batteries. Fuel cell is a kind of chemical device that converts the

chemical energy possessed by fuel directly into electric energy, as another new energy battery, which is essentially a primary battery and has its own advantages compared with lithium-ion battery, both sides belong to the relationship of coexistence and complementarity, and its industrialization still needs a long time. In the predictable future, the development of rechargeable batteries will still be based on electrochemical principles, the application of new materials, new technologies and new processes, in terms of volume, weight, capacity, cost, safety and other aspects of seeking breakthroughs. However, if:

(1) The Company's post-processing system may not be able to adapt to a fundamental change in the operating principle of rechargeable batteries, which creates a significant difference between a gasoline engine and an electric motor, for example;

(2) In the post-processing system, the application of new materials, technologies and processes has led to localized changes in the production of rechargeable batteries. If the Company fails to lead or follow closely the trend of technology and process development in the R&D and application of post-processing system, it will be in an unfavorable position in the market competition.

(3) Fuel cell application technology, conversion efficiency, production costs have a revolutionary breakthrough, and rechargeable batteries have a significant substitution effect, the Company is in the lithium-ion battery equipment manufacturing industry will face a decline.

(IV) Business risk

√Applicable □Not Applicable

1. Risk of uneven distribution of operating results

The Company's products are highly customized products, which require installation, commissioning and trial production, and can only be recognized as revenue upon acceptance by the customer after being able to satisfy the customer's production requirements in a stable manner, with a long time lag between the placement of an order and its acceptance. Although the overall acceptance cycle can be estimated to be around 9 months to 1 year based on past experience, the actual acceptance point of each batch of products cannot be accurately estimated due to the differences in products, customers and acceptance of each order, which may result in uneven distribution of revenue and performance throughout the year. Meanwhile, data for the first quarter of each year is usually slightly lower than the operating results for other quarters due to factors such as the Chinese New Year holiday.

2. Risk of higher customer concentration

The Company's customers are mainly well-known lithium-ion battery manufacturers such as EVE Energy, Korea SK, Korea LG, Korea Samsung, BYD, Gotion Hi-tech, SUNWODA, Zhuhai Guanyu, etc., and the main customers are more concentrated.

The Company's sales revenue to its major customers accounts for a high percentage of its revenue from main business operations, and if the operating conditions of some of its customers are unfavorable or if the demand for the Company's products decreases significantly, the Company's operating results will be adversely affected.

3. Lithium-ion battery industry fluctuation risk

During the reporting period, the Company's main business profit mainly comes from the post-processing systems of the lithium-ion battery production line, and the Company's customers are mainly well-known domestic and foreign lithium-ion battery manufacturers. In recent years, with the technological advances and the vigorous promotion of national policies, lithium-ion batteries in consumer electronics products have been continuously updated and replaced, new energy vehicles have become increasingly popular, leading to a rapid increase in the demand for lithium-ion batteries. In this context, lithium-ion battery manufacturers continue to expand their production capacity, create or reconstruct lithium-ion battery production lines, thus driving the rapid-growing demand for post-processing systems related equipment. In the future, with the gradual replacement of traditional cars by new energy vehicles, consumer electronics demand is rising steadily, lithium-ion batteries also have a promising future in energy storage applications, so in the long run, lithium-ion battery production capacity will continue to further expand, and the demand for post-processing system related equipment will also remain high. But with the growing maturity of the market, after power batteries experience a rapid expansion, it will enter a capacity digestion period, and industry concentration will increase. So far, there are already some domestic power battery manufacturers who are currently experiencing situations such as low capacity utilization rate, low-end overcapacity, and difficult capital turnover. If domestic new energy vehicle manufacturers experience large-scale stagnation, the capacity utilization rate of domestic lithium-ion battery manufacturers will continue to be low, and the capacity expansion will

continue to reduce. If the Company's efforts to develop overseas power battery manufacturers are not effective, then the Company's future sales revenue will face the risk of decline.

4. Exchange rate fluctuation risk

A portion of the Company's sales revenue is derived from export sales, which are mainly settled in U.S. dollars and euros, and therefore exchange rate fluctuations, in particular the appreciation of RMB, will have a certain impact on the Company's financial position. If the exchange rate of RMB continues to rise, on the one hand, an increase in the price of export products denominated in foreign currencies will affect the competitiveness of the Company's export products in the market, and there is also a risk of loss of customers or transfer of orders to other countries; on the other hand, the Company's assets held in foreign currencies for export will depreciate as a result of the appreciation of RMB, which will affect the operating profit.

5. Risks of customer acceptance

The lithium battery reprocessing equipment industry in which the Company is located mainly recognizes revenue by equipment acceptance, and according to past experience, the overall acceptance cycle can be estimated to be generally from 9 months to 1 year or so, but by the equipment installation and commissioning time of some downstream customers and their operating conditions, financial conditions, the above cycle may also be delayed to more than 1 year. In the event of drastic fluctuations in the industry in the future, some of the downstream lithium battery producers with lower work rates or in a state of shutdown, and a significant decline in operating results and financial constraints, may delay or refuse to accept the equipment, part of the Company's revenue will likely not be recognized, which will have a material adverse effect on the Company's operating results.

(V) Financial risk

☒Applicable ☐Not Applicable

1. Risk of decline in gross profit margin of main products

The Company's main product lithium-ion battery production line after-treatment system is the main source of the Company's operating income. As the products are customized production, the Company's products have strong core competitiveness in various aspects such as technical level and reliability, and thus have been maintaining a higher gross profit margin of the main business. The gross profit margin of the order presents the characteristics of overseas customers with higher gross profit margin than domestic customers. The gross profit margin of the Company's main business in the last three fiscal years were 32.18%, 36.19% and 30.78% respectively. Since the beginning of 2020, the investment of overseas customers has slowed down, and the demand for equipment purchases has been temporarily reduced, resulting in the Company's order structure to increase the proportion of domestic orders, which has lowered the gross profit margin of sales. From the perspective of industry development, on the one hand, with the large-scale application of lithium-ion batteries and large-scale production, there is a gradual reduction in the cost of selling price pressure, and lithium-ion battery manufacturers also inevitably transfers part of the pressure to the upstream equipment suppliers; On the other hand, the large-scale application of lithium-ion battery brings a large demand for lithium-ion battery production equipment, but also stimulate the development of the industry, there are constantly new manufacturers to enter the field of post-processing systems, resulting in increasingly fierce competition. As a result, the Company's main products are always under pressure from market competition and customers' requests for price reductions, which may lead to a decrease in orders for the Company's main products or a further decline in gross profit margin if the Company is unable to maintain the competitive advantages it has already achieved and further improve its cost control capabilities. In addition, the Company has gradually started to sell fully automated reprocessing system production lines to its customers in the form of an integrator since 2016, which contains outsourced or self-made automated logistics line products, which may also pull down the Company's gross profit margin on sales.

2. Risk of larger inventories

At the end of each period of the last three fiscal years, the Book value of the Company's inventories was 2,380,677,300 yuan, 2,901,476,900 yuan, and 2,913,112,900 yuan, accounting for 35.47%, 33.67%, and 35.60% of the current assets and 29.89%, 28.38%, and 29.82% of the total assets. The percentage is relatively high.

The Company's inventory mainly consists of issued commodities. The larger amount of issued goods is that after the Company's products are shipped to customers, they need to be installed, debugged and trial production, and after they can stably meet the production needs of customers, they can only be

recognized as revenue upon acceptance by the customers, and the time interval from order to acceptance is longer, generally ranging from about 9 months to 1 year. The reason for the long acceptance time of the customer's products is mainly because the post-processing system equipment, as a part of the lithium-ion battery production line, needs to be test-produced together with the whole lithium-ion battery production line when the production line is newly built or remodeled, and the acceptance time is generally longer. The large amount of inventory on the one hand, occupies a large amount of funds, reducing the efficiency of capital utilization, on the other hand, it also increases the pressure on the Company's management, cost control and other aspects, affecting the stable growth of the Company's performance.

3. Risk of exchange rate fluctuations

A portion of the Company's sales revenue is from external sales, which are mainly settled in U.S. dollars and euros, so exchange rate fluctuations, especially the appreciation of the RMB, will have a certain impact on the Company's financial position.

If the exchange rate of RMB continues to appreciate, on the one hand, the increase in the price of export products denominated in foreign currencies will affect the competitiveness of the Company's export products in the market, and there is a risk of loss of customers or transfer of orders to other countries; on the other hand, the Company's assets held in foreign currencies as a result of exports will depreciate as a result of the appreciation of RMB, which will affect the operating profit.

4. Risk that Accounts Receivable may go bad

At the end of each period of the Reporting Period, the Book value of the Company's Accounts Receivable was RMB 1,673,164,900 yuan, 1,902,796,300, yuan, and 1,814,809,000 yuan, accounting for 24.93%, 22.08%, and 22.18% of the current assets, and accounting for 21.00%, 18.61%, and 18.58% of the total assets, respectively. If there is any deterioration in the financial condition of the Company's major customers or any material adverse change in their operating conditions or commercial credit, the possibility of bad debts arising from the Company's Accounts Receivable will increase and the possibility of recovery of the Company's Accounts Receivable will decrease, which will adversely affect the Company's liquidity and normal operation.

(VI) Industry risks

☒Applicable ☐Not Applicable

1. Lithium-ion battery industry fluctuation risk

During the reporting period, the Company's main business profit mainly comes from the lithium-ion battery production line after-treatment system, the Company's customers are mainly well-known domestic and foreign lithium-ion battery manufacturers. In recent years, with technological advances and national policies to vigorously promote, lithium-ion batteries in consumer electronics products continue to upgrade, new energy vehicles continue to popularize the situation, lithium-ion battery demand is growing rapidly. In this context, lithium-ion battery manufacturers continue to expand production capacity, new or remodeled lithium-ion battery production line, which led to a high growth in demand for post-processing system-related equipment.

As new energy vehicles gradually replace traditional cars, consumer electronics demand is rising steadily, lithium-ion batteries in energy storage applications are also promising, so in the long run, lithium-ion battery production capacity will continue to further expand the demand for post-processing systems related equipment will remain high. But with the growing maturity of the market, governments of various countries have also made structural adjustments to their subsidy policies for new energy vehicles. In the next few years, the government subsidies received by new energy vehicle manufacturers with low electric energy density, poor endurance performance, and backward technological level will significantly decrease, the power lithium-ion battery industry will undergo structural adjustments, industrial concentration will increase, and there may be a situation where some power battery manufacturers have low capacity utilization, excess low-end capacity, and difficult capital turnover.

(VII) Macro-environmental risks

☒Applicable ☐Not Applicable

1. Macroeconomic cycle fluctuation risk

The sales of the Company's main products will be affected by macroeconomic fluctuations and cyclical fluctuations of downstream industries. The Company belongs to the specialized equipment manufacturing industry, which is closely related to the market demand for downstream lithium batteries

and fixed asset investment. The new energy and its equipment manufacturing industry continues to maintain faster development under the support of national policies, but if there are unfavorable changes in the external economic environment or significant changes in the above factors affecting market demand, it will have a greater impact on the lithium battery and its equipment manufacturing industry. If the downstream lithium battery manufacturers to reduce the scale of investment, cut the scale of equipment purchases, the Company's main business will be adversely affected, thus the Company's future sales of lithium battery equipment has a significant adverse impact.

2. Risk of international political and trade changes

The Company's main foreign customers include Samsung, LG, and SK from South Korea, as well as Volkswagen, while some customers have factories in the U.S., European, and Southeast Asian markets. Therefore, changes in relations between China and South Korea, China and Japan, China and the United States, and China and Europe may lead to a reduction or even interruption of cooperation between the Company and these customers, which may have an adverse impact on the Company's operating results. With the rise of the U.S. and European markets, changes in relations between China, the US, and Central European countries may have an impact on the Company's development and business operations in the U.S. and European markets. In addition, the Company also purchases some electronic components from abroad.

Due to the current unstable tariff policies of the United States towards various countries, further increases in tariff rates in the future may further affect the Company's product competitiveness and delivery capabilities in the United States, which could have a negative impact on the Company's business performance.

(VIII) Risks associated with depositary receipts

☐Applicable ☒Not Applicable

(IX) Other significant risks

☐Applicable ☒Not Applicable

V. Major Operations During the Reporting Period

During the reporting period, the Company realized operating income of RMB 2,981,154,400 yuan, representing a year-on-year increase of 24.18% compared with FY2023, and net profit attributable to owners of the parent company of RMB 326,336,400 yuan, representing a year-on-year increase of 59.67%. After deducting the effects of structured deposit gains and government grants, net profit attributable to owners of the parent company after extraordinary gains and losses of RMB 310,863,300 yuan was realized during the reporting period, representing a year-on-year increase of 60.68%.

(I) Main Business Analysis

1. Analysis of changes in the income statement and related accounts in the cash flow statement

Unit: Yuan Currency: RMB

Accounts	Amount of the current period	Amount of the same period in last year	Percentage of change (%)
Operating income	2,981,154,434.54	3,931,719,031.47	-24.18
Operating costs	2,047,340,862.94	2,483,559,151.84	-17.56
Sales expenses	69,640,839.76	86,847,193.46	-19.81
Administration expenses	193,119,311.09	169,164,040.99	14.16
Financial expenses	-84,068,419.58	-158,187,985.05	-46.86
R&D expenses	257,146,092.32	243,563,558.47	5.58
Net cash flows from operating activities	169,270,578.29	214,965,877.63	-21.26
Net cash flows from investing activities	-102,933,125.27	-408,411,736.85	-74.80
Net cash flows from financing activities	-227,471,998.14	997,241,569.87	-122.81

Reasons for changes in operating income: Due to the intensified competition in the domestic lithium

battery industry, the overall equipment acceptance cycle has been extended, resulting in a year-on-year decrease in the sales revenue.

Reasons for changes in operating costs: Due to the intensified industry competition, gross profit margin has decreased. In addition, due to the settlement of some overseas DDP model orders, shipping costs, and tariffs being included in operating costs, the operating costs have increased.

Reasons for the change in sales expenses: The sales expenses for this period decreased by 17.2064 million yuan, or 19.81%, compared to the same period last year. This was mainly due to a decrease in the salaries and travel expenses of sales personnel as the sales scale decreased.

Reasons for the change in administration expenses: The administration expenses for this period increased by 23.9553 million yuan, or 14.16%, compared to the same period last year. This was mainly due to a decrease of 20.534 million yuan share-based payments corresponding to the implementation of equity incentives compared to the previous year. At the same time, due to the growth of the Company's asset size, depreciation and amortization increased by 11.2549 million yuan year-on-year.

Reasons for the changes in R&D expenses: The R&D expenses for this period increased by 13.5825 million yuan, or 5.58%, compared to the same period last year, mainly due to an increase in R&D projects.

Reasons for the changes in financial expenses: The financial expenses for this period increased by 74.1196 million yuan or 46.86% compared to the same period last year. This was mainly due to an exchange loss of 11.4848 million yuan caused by fluctuations in foreign currency exchange rates, while the previous year achieved an exchange gain of 70.4346 million yuan. The difference between the two was 81.9194 million yuan.

Reasons for the change in net cash flows from operating activities: The net cash flow generated from operating activities was 169.2706 million yuan, decreased by 45.6953 million yuan compared to the same period last year, which was mainly due to the year-on-year decrease in cash received from the sale of goods and provision of services in the current period.

Reasons for the change in net cash flows from investing activities: The net cash flow generated from investing activities was -102.9331 million yuan, increased by 305.4786 million yuan compared to the same period last year, which was mainly due to a decrease in new construction projects and a decrease of 306.3381 million yuan in cash paid for the purchase and construction of fixed assets in this period.

Reasons for the change in net cash flows from financing activities: The net cash flow generated from financing activities was -227.472 million yuan, decreased by 1.2247136 billion yuan compared to the same period last year. This was mainly due to the Company's issuance of GDR at the beginning of last year which raised 1.1953153 billion yuan funds, while in this period, no such fund was raised. At the same time, the Company had a cumulative cash dividends of 271.6525 million yuan for this period, increased by 72.4407 million yuan compared to the same period last year.

Detailed description of significant changes in the type of business, composition of profits or sources of profits of the Company during the period

☐Applicable ☒Not Applicable

2. Revenue and cost analysis

☒Applicable ☐Not Applicable

During the reporting period, the Company realized operating income of RMB 2,981,154,400 representing a year-on-year decrease of 24.18%% as compared with FY2023, of which the income from main business was RMB 2,956,528,400, representing a year-on-year decrease of 24.02% as compared with FY2023. The decrease in operating income was mainly due to factors, such as the slowdown in the growth of market demand for lithium-ion batteries, intensified market competition in the lithium-ion battery equipment manufacturing industry, and the prolongation of the acceptance cycle by battery manufacturers.

(1). Main business by industry, product, region and sales model

Unit: Yuan Currency: RMB

Main business by industry						
By Industry	Operating Revenue	Operating Costs	Gross Profit Rate	Increase or decrease	Increase or decrease in operating	Increase or decrease

			(%)	in operating income over the previous year (%)	costs over the previous year (%)	in gross profit rate over the previous year (%)
Equipment manufacturing	2,956,528,398.34	2,046,397,289.21	30.78	-24.02	-17.58	Decreased by 5.41%
Main business by product						
By Product	Operating Revenue	Operating Costs	Gross Profit Rate(%)	Increase or decrease in operating income over the previous year(%)	Increase or decrease in operating costs over the previous year(%)	Increase or decrease in gross profit rate over the previous year(%)
Charging and discharging equipment	2,584,475,593.04	1,775,713,131.49	31.29	-19.09	-12.60	Decreased by 5.10%
Other equipment	349,195,306.90	259,864,390.38	25.58	-47.44	-40.51	Decreased by 8.67%
Accessories	22,857,498.40	10,819,767.34	52.66	-29.66	-24.06	Decreased by 3.49%
Main business by region						
By Region	Operating Revenue	Operating Costs	Gross Profit Rate(%)	Increase or decrease in operating income over the previous year(%)	Increase or decrease in operating costs over the previous year(%)	Increase or decrease in gross profit rate over the previous year(%)
Domestic	2,001,394,239.84	1,450,598,069.56	27.52	-35.91	-30.83	Decreased by 5.32%
Overseas	955,134,158.50	595,799,219.65	37.62	24.33	54.47	Decreased by 12.18%
Main business by sales pattern						
By Sales Pattern	Operating Revenue	Operating Costs	Gross Profit Rate(%)	Increase or decrease in operating income over the previous year(%)	Increase or decrease in operating costs over the previous year(%)	Increase or decrease in gross profit rate over the previous year(%)
Revenue recognized at a certain time point	2,956,528,398.34	2,046,397,289.21	30.78	-24.02	-17.58	Decreased by 5.41%

Explanation of main business by industry, product, region and sales pattern
None

(2). Analysis of production and sales volume

☐Applicable ☒Not Applicable

(3). Performance of major purchase contracts, major sales contracts

☒Applicable ☐Not Applicable

In August 2024, the Company received contracts generated by Volkswagen Spain and Volkswagen Canada through the competitive bidding system, the subject matter of the said contracts were lithium battery back-channel equipment procured by the Volkswagen Group for the production of batteries in Spain and Canada, and the total amount of the contracts exceeded 45% of the Company's audited operating incomes of the previous year (exempted from disclosure on the basis of the confidentiality agreement with the customers and the Company's exemption from disclosure on account of commercial secrets), details of which can be found in the "Announcement of Zhejiang Hangke Technology Incorporated Company on Voluntary Disclosure of Daily Operating Contracts Entered by the Company (Announcement No.: 2024-019) dated August 13, 2024.

Note: Due to customer confidentiality requirements, the contract amount and progress of contract performance need to be kept confidential.

Performance of significant sales contracts entered into up to the current reporting period

☐Applicable ☒Not Applicable

Performance of significant purchase contracts entered into up to the current reporting period

☐Applicable ☒Not Applicable

(4). Cost analysis

Unit: Yuan

Sub-industry situation							
By Industry	Cost Components	Amount of the Current Period	Current Period as a Percentage of Total Costs (%)	Amount in the Same Period of Last Year	Same Period of Last Year as a Percentage of Total Costs	Percentage Change in the Current Amount over the Same Period of Last Year (%)	Situation Description
Equipment manufacturing	Direct material	1,517,969,832.63	74.18	2,036,221,070.75	82.01	-25.45	\
Equipment manufacturing	Direct labor	184,104,624.31	9.00	162,279,890.72	6.54	13.45	\
Equipment manufacturing	Manufacturing cost	344,322,832.27	16.82	284,359,316.24	11.45	21.09	\
By product							
By Product	Cost Components	Amount of the Current Period	Current Period as a Percentage	Amount in the Same Period of Last Year	Same Period of Last Year as	Percentage Change in the	Situation Description

			ge of Total Costs (%)		a Percenta ge of Total Costs (%)	Current Amount over the Same Period of Last Year (%)	
Charging and discharging equipment	Direct material	1,343,502,990.04	65.65	1,656,799,926.13	66.73	-18.91	\
Charging and discharging equipment	Direct labor	170,303,634.98	8.32	135,549,537.63	5.46	25.64	\
Charging and discharging equipment	Manufacturing cost	261,906,506.47	12.80	239,425,513.96	9.64	9.39	\
Other equipment	Direct material	165,543,807.19	8.09	367,168,293.17	14.79	-54.91	\
Other equipment	Direct labor	13,671,923.85	0.67	25,942,935.11	1.04	-47.30	\
Other equipment	Manufacturing cost	80,648,659.34	3.94	43,726,342.77	1.76	84.44	\
Accessories	Direct material	8,923,035.40	0.44	12,252,851.45	0.49	-27.18	\
Accessories	Direct labor	129,065.48	0.01	787,417.98	0.03	-83.61	\
Accessories	Manufacturing cost	1,767,666.46	0.08	1,207,459.51	0.05	46.40	\

Other information notes on cost analysis
None.

(5). Changes in the scope of consolidation due to changes in the shareholdings of major subsidiaries during the reporting period

☐Applicable ☒Not Applicable

(6). Significant changes or adjustments in the Company's business, products or services during the reporting period

☐Applicable ☒Not Applicable

(7). Major sales customers and major suppliers

A. Information on the Company's major sales customers

☒Applicable ☐Not Applicable

Sales to the top five customers amounted to RMB 1,240,531,300 yuan, accounting for 41.61 % of total annual sales; sales of affiliates among the sales to the top five customers were RMB 0 yuan, accounting for 0% of total annual sales.

The Company's top five customers

☒Applicable ☐Not Applicable

Unit: 10,000 Yuan Currency: RMB

No.	Customer Name	Sales Volume	Percentage of total annual sales (%)	Whether there is an affiliation with the listed Company
1	No. 1	34,293.19	11.50	No

2	No. 2	33,505.87	11.24	No
3	No. 3	20,253.91	6.79	No
4	No. 4	18,174.61	6.10	No
5	No. 5	17,825.55	5.98	No
Total	/	124,053.13	41.61	/

Sales to a single customer exceeded 50% of the total, or there were new customers among the top 5 customers, or heavy reliance on a small number of customers during the reporting period

☒Applicable ☐Not Applicable

Among the top five customers in 2024, except for the third and fourth ones, the first and second ones are all among the top five customers in 2023, and the fifth is the seventh customer in 2023, maintaining a good stability.

B. Information on the Company's major suppliers

☒Applicable ☐Not Applicable

The top five suppliers' purchases amounted to RMB413,814,800 yuan, accounting for 23.72% of the total annual purchases; among the top five suppliers' purchases, the affiliates' purchases amounted to RMB 0 yuan, accounting for 0% of the total annual purchases.

The Company's top five suppliers

☒Applicable ☐Not Applicable

Unit: 10,000 Yuan Currency: RMB

No.	Supplier Name	Purchase Volume	Percentage in total purchase volume (%)	Whether there is an affiliation with the listed Company
1	No. 1	23,539.82	13.49%	No
2	No. 2	5,385.87	3.09%	No
3	No. 3	4,455.37	2.55%	No
4	No. 4	4,276.40	2.45%	No
5	No. 5	3,724.02	2.13%	No
Total	/	41,381.48	23.72%	/

Purchase from a single supplier exceeded 50% of the total, or there were new suppliers among the top 5 suppliers, or heavy reliance on a small number of suppliers during the reporting period

☐Applicable ☒Not Applicable

3. Expenses

☒Applicable ☐Not Applicable

Accounts	Amount of the Current Period	Amount of the Same Period in Last Year	Percentage of Change(%)
Sales expenses	69,640,839.76	86,847,193.46	-19.81
Administration expenses	193,119,311.09	169,164,040.99	14.16
R&D expenses	257,146,092.32	243,563,558.47	5.58
Financial expenses	-84,068,419.58	-158,187,985.05	-46.86

Explanation of changes in sales expenses: The sales expenses for this period decreased by 17.2064 million yuan, or 19.81%, compared to the same period last year. This was mainly due to a decrease in the salaries and travel expenses of sales personnel as the sales scale decreased.

Reasons for the changes in administration expenses: The administration expenses for this period increased by 23.9553 million yuan or 14.16%, compared to the same period last year. This was mainly due to a decrease in the offset amount of share-based payments corresponding to the implementation of equity incentives, as well as an increase in depreciation and amortization due to the growth of the Company's asset size.

Explanation of changes in R&D expenses: The R&D expenses for this period increased by 13.5825 million yuan or 5.58%, compared to the same period last year, which was mainly due to an increase in R&D projects.

Explanation of changes in financial expenses: The financial expenses for this period increased by 74.1196 million yuan or 46.86%, compared to the same period last year, which was mainly due to the exchange losses caused by fluctuations in foreign currency exchange rates during this period.

4. Cash flow

☒Applicable ☐Not Applicable

Accounts	Amount of the Current Period	Amount of the Same Period in Last Year	Percentage of Change(%)
Net cash flows from operating activities	169,270,578.29	214,965,877.63	-21.26
Net cash flows from investing activities	-102,933,125.27	-408,411,736.85	-74.80
Net cash flows from financing activities	-227,471,998.14	997,241,569.87	-122.81

Explanation of reasons for changes in net cash flows from operating activities: The net cash flow generated from operating activities was 169.2706 million yuan, decreased by 45.6953 million yuan compared to the same period last year, which was mainly due to the year-on-year decrease in cash received from the sale of goods and provision of services in this period.

Explanation of reasons for changes in net cash flows from investing activities: The net cash flow generated from investing activities was -102.9331 million yuan, increased by 305.4786 million yuan compared to the same period last year. This was mainly due to a decrease in new construction projects compared to the same period last year and a decrease of 306.3381 million yuan in cash paid for the purchase and construction of fixed assets.

Explanation of reasons for changes in net cash flows from financing activities: The net cash flow generated from financing activities was -227.472 million yuan, decreased by 1.2247136 billion yuan compared to the same period last year. This was mainly due to the Company's issuance of GDR at the beginning of last year which raised 1.1953153 billion yuan funds, while in this period, no such fund was raised. At the same time, the Company had a cumulative cash dividends of 271.6525 million yuan for this period, increased 72.4407 million yuan compared to the same period last year.

(II) Explanation of significant changes in profit due to non-main business

☐Applicable ☒Not Applicable

(III) Analysis of assets and liabilities

☒Applicable ☐Not Applicable

1. Assets and liabilities

Unit: Yuan

Item	Closing balance for the period	Closing balance of the period as a percentage of total assets(%)	Closing balance of prior period	Closing balance of the previous period as a percentage of total assets(%)	Percentage change in the amount at the end of the current period compared to the end of the previous period(%)	Description of the Situation
Financial assets held for trading	3,318,338.14	0.03	5,925,509.48	0.06	-44.00	Mainly caused by fluctuations in the prices of the stocks held

Contract assets	215,231,131.71	2.20	341,031,109.41	3.34	-36.89	Mainly due to the increase in quality assurance deposit received in this period
Other current assets	5,920,050.57	0.06	10,470,636.02	0.10	-43.46	Mainly due to a decrease in prepaid value-added tax
Right-of-use assets	351,259.28	0.00	2,214,093.56	0.02	-84.14	Mainly due to the amortization of current right-of-use assets
Short term loans	7,460,020.44	0.08	14,516,000.00	0.14	-48.61	Mainly due to a decrease in discounted but unexpired bank acceptance bills
Accounts payable	1,077,903,223.20	11.03	1,562,586,492.08	15.28	-31.02	Mainly due to a decrease in the procurement amount in this period
Taxes payable	35,922,939.17	0.37	86,784,440.43	0.85	-58.61	Mainly due to a decrease in the balance of corporate income tax payable in this period
Non-current liabilities due within one year			2,028,014.09	0.02	-100.00	Mainly due to a decrease in lease liabilities due within one year
Deferred income	39,911,270.42	0.41	23,863,491.77	0.23	67.25	Mainly due to an increase in government grants related to assets received in this period
Other comprehensive income	4,530,095.90	0.05	7,227,980.88	0.07	-37.33	Mainly due to a decrease in the translation differences of foreign currency financial statements in

						this period
Special reserves	70,769.06	0.01	207,647.09	0.01	-65.92	Mainly due to an increase in the safety production fees in this period

Other notes

None

2. Foreign assets

√Applicable □Not Applicable

(1) Asset size

Where: foreign assets 1,352,890,782.93 yuan (Currency: RMB), accounting for 13.85% of the total assets.

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

□Applicable √Not Applicable

3. Restrictions on major assets as at the end of the reporting period

√Applicable □Not Applicable

Item	Closing balance	Opening balance	Reasons for not being cash and cash equivalents
Bank deposits -- current	11,243,056.67	10,000.00	Bank deposits freeze
Bank deposits -- current		97,224,408.20	Current deposit used as collateral for issuing bills
Bank deposits -- time deposits	14,262,991.87	6,685,013.48	Time deposits and their interest used as collateral for issuing guarantees
Bank deposits -- structural deposits	150,043,989.37		Frozen at the confirmation period for purchasing structured deposits
Other monetary funds - guarantee deposits	125,834,258.34	196,386,852.14	Guarantee deposit pledge
Other monetary funds - bankers' acceptance deposits	58,909,440.20	97,025,152.51	Banker's acceptance security deposit pledge
Subtotal	360,293,736.45	397,331,426.33	

4. Other notes

□Applicable √Not Applicable

(IV) Analysis of industry operational information

√Applicable □Not Applicable

For details of the analysis of industry operating information during the reporting period, please refer to "II. Explanation of the principal business, business model, industry situation and R&D of the Company during the reporting period" in "Section III: Management Discussion and Analysis".

(V) Analysis of the investment situation**Overall analysis of outward equity investments**

□Applicable √Not Applicable

1. Significant equity investments

□Applicable √Not Applicable

2. Significant non-equity investments

□Applicable √Not Applicable

3. Financial assets at fair value

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Asset Class	Opening balance	Profit and loss from changes in fair value in the current period	Cumulative fair value changes included in equity	Impairment provision for this period	Current purchase amount	Sale/redemption amount in current period	Other changes	Closing balance
Stock	5,925,509.48	-1,419,171.34				1,943,230.47	755,230.47	3,318,338.14
Total	5,925,509.48	-1,419,171.34				1,943,230.47	755,230.47	3,318,338.14

Investments in securities

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Securities	Securities code	Securities Abbreviation	Initial investment cost	Sources of funds	Beginning Book value	Profit and loss from changes in fair value in the current period	Cumulative fair value changes included in equity	Current purchase amount	Sales amount in this period	Disposal profit and loss	Ending Book value	Accounting subjects
Domestic and foreign stocks	000980	Zotye Automobile	7,874,166.96	Debt restructuring	5,925,509.48	-1,419,171.34			1,943,230.47	755,230.47	3,318,338.14	Financial assets held for trading
Total	/	/	7,874,166.96	/	5,925,509.48	-1,419,171.34			1,943,230.47	755,230.47	3,318,338.14	/

Derivatives investments

□Applicable √Not Applicable

4. Private equity fund investments

□Applicable √Not Applicable

Other notes

None

5. Specific progress in the integration of major asset reorganization during the reporting period

□Applicable √Not Applicable

(VI) Significant asset and equity sales

□Applicable √Not Applicable

(VII) Analysis of major holdings companies

√Applicable □Not Applicable

Company Name	Main business	Registered capital	Shareholding ratio	Total assets	Net assets	Operating income	Net profit
CHR Japan Co., Ltd.	1. Production, sales and procurement of battery-related equipment and battery-related products; 2. Maintenance, management and care of battery-related equipment and products; 3. Development and transfer of battery production technology; 4. Development, sales, import and export of various products, software and technology; 5. All businesses incidental to and related to the above items.	5 million yen	100%	55,462,682.72	49,480,795.29	5,943,442.51	-4,399,963.07
Hangke Electronics Trading Hong Kong Limited	Manufacture and sales of battery-related equipment and products, and development and sales as well as import and export business of various product application software and technologies.	USD 5 million	100%	1,125,141,902.76	59,612,163.23	355,176,814.43	39,647,217.03
Hangke Electronic Co., Ltd.(South Korea)	Battery-related equipment industry, battery-related product manufacturing, sales and procurement business, battery-related product wholesale, retail and import and export business, battery-related maintenance and management industry, battery-related production technology development and transfer, battery-related products and software technology development and sales trade industry	100 million won	CHR Japan Co., Ltd. invested 100 million won, accounting for 100% of the capital	7,321,716.10	-1,800,952.81	2,311,921.27	-456,826.61
HK POWER Co., Ltd.	Manufacturing, wholesale, retail, import and export of primary batteries and secondary batteries; manufacturing, wholesale, retail, import and export of storage batteries and chargers; manufacturing and trading of battery equipment; battery related equipment; manufacturing, sales and purchase of battery related products; wholesale, retail and import and export of battery-related products; battery-related equipment, maintenance, repair, and management; development and transfer of battery-related production facilities; development, sales and trading of various battery-related products and software technologies; manufacturing, processing, wholesale and retail, import and export of active lithium batteries, testing equipment and charging and discharging equipment; manufacturing, processing, wholesale and retail, import and export of lithium battery pack protection boards; Manufacturing, processing, wholesale and retail, import and export business of lithium battery automated production line; lithium battery production	3 billion won	Hong Kong Hangke holds 100% of the shares	165,602,305.94	-7,837,025.52	52,854,292.95	-18,131,198.35

	technology development, import and export business; lithium battery related goods and technology import and export business; import and export and service industry of various battery related equipment; installation, repair, manufacturing, import and export of cutting-edge equipment; installation, maintenance and manufacturing of lithium battery related equipment; installation and maintenance of ionic battery related equipment; real estate leasing and trading; incidental businesses involved in the above items.						
HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN. BHD. (Malaysia)	Manufacturing of battery-related equipment and products; maintenance, management, and repair of battery-related equipment and products; development of battery-related production technologies; development of various products, software, and technologies; all businesses incidental to the above.	2 MYR	CHR Japan Co., Ltd. subscribed 2 MYR, accounting for 100% of the registered capital		-4,143.96		143.18
HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ (Poland)	Production of batteries and storage batteries; repair and maintenance of electrical appliances; production of other spare parts for motor vehicles (except motorcycles); electrical installation; wholesale of spare parts for motor vehicles (except motorcycles); retail sale of spare parts for motor vehicles (except motorcycles); Sales, maintenance and repair of motorcycles and related spare parts; exclusive agency of other specific products; wholesale of household appliances; wholesale of electronic equipment and communication equipment and related accessories; wholesale of other machinery and equipment; retail of new products in specialized stores; Retail sales through mail-order stores or the Internet; road transport of goods; warehousing and storage of other goods; other financial services, except insurance and pension funds not elsewhere classified; buying and selling own real estate; leasing and operating own or leased real estate; engineering activities and related technical consulting; other technical testing and analysis; other research and experimental development in natural sciences and engineering; advertising agency activities.	5,000 PLN	Hong Kong Hangke invested PLN 5,000, accounting for 100% of the registered capital	36,205,585.65	-23,023,978.86	4,784,100.68	-4,063,931.27
Hangke Technology Inc	The purpose of the corporation is to engage in any lawful act or activity, incorporated under the <i>California General Corporations Law</i> , except for banking, trust Company business, or professional practice permitted to be formed under the <i>California Corporations Code</i>	USD10 million	Hong Kong Hangke holds 100% of the shares	74,509,308.49	73,558,395.67	620,632.94	2,184,600.58
Hangke	The Company's business objects	Euro 2.5	Hong Kong	47,019,11	46,835,252.73	1,083,096.9	-

Technology Germany GmbH	are lithium battery formation, testing equipment and charging and discharging equipment; lithium battery protection boards; sales, technology development, installation, commissioning and after-sales service, technology import and export of lithium battery automatic production line; entitled to engage in other businesses that directly or indirectly serve the purpose of the Company; it is also possible to establish or acquire other companies and establish branches or subsidiaries in Germany and abroad.	million	Hangke holds 100% of the shares	4.61		6	7,130,070.00
Japan New Energy Equipment Co., Ltd.	1. Manufacture, sale and purchase of battery-related equipment and products; 2. Repair, management and maintenance of battery-related equipment and products; 3. Development and transfer of battery production technology; 4. Development, sale and import/export of various products, software and technology; 5. International trade and import/export brokerage; 6. Import/export and sale of operating equipment, food processing equipment, refrigeration and air-conditioning equipment, household electrical equipment, automobiles, motorcycles, docks, similar parts and second-hand goods of these types; 7. Import/export and sale of medical equipment supplies, used cars and accessories, tools, construction equipment, building materials and construction material-related parts; 8. Import, export, and sales of work equipment, food processing equipment, refrigeration and air-conditioning equipment, household electrical equipment, automobiles, motorcycles, dockyards, and similar parts, and second-hand goods of these types; 7. Import, export, and sales of medical equipment and supplies, second-hand automobiles and accessories, tools, construction equipment, building materials, and construction materials related parts; 8. Overseas business, corporate overseas expansion, and trade-related consulting; 9. All businesses ancillary to the above businesses, and all businesses related thereto.	9 million yen	CHR Japan Ltd. contributes 9 million yen accounting for 100% of the capital.	396,978.96	396,978.96		-19,940.94
HK TECHNOLOGY, INC	Machinery, equipment maintenance and repair	USD 1 million	Hong Kong Hangke contributes USD1 million, accounting for 100% of the capital.	39,662,270.60	15,928,840.27	12,555,690.52	2,163,602.89
Hangke Technology Hungary KFT	Trading of lithium battery testing equipment, charging and discharging equipment, and production lines	Euro 2 million	Hong Kong Hangke holds 100% of the shares	1,234,467.75	-380,779.90	128,875.53	-255,249.18

			and has not yet made any capital contribution.				
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE) PTE. LTD.	Sales and research and development of lithium battery equipment, as well as wholesale trade of various types of machinery and equipment	SGD 1 million	100%	62,446,197.11	58,054,461.12		348,890.66

(VIII) Situation of structured entities controlled by the Company

☐Applicable ☒Not Applicable

VI. Discussion and Analysis of the Company's Future Growth

(I) Industry landscape and trends

√Applicable ☐Not Applicable

For detailed analysis of industry operational analysis information during the reporting period, please refer to the relevant statements of (III) Industry Situation under II. Main Business, Business Model, Industry Situation and R&D Situation of the Company during the Reporting Period under Discussion and Analysis by Management in Section III.

(II) Corporate development strategy

√Applicable ☐Not Applicable

The Company's development strategy is: to comply with the direction of the global new energy industry and lithium equipment industry, closely follow the relevant national policy guidance, deepen cooperation with the head of the customer, increase investment in R & D and technological innovation, improve the lithium back-end product line, to promote the continuous iteration and upgrading of existing products, to achieve cost reductions and efficiencies, integration of upstream and downstream industry chain resources, to provide customers with lithium-ion battery intelligent manufacturing solutions, while targeting the solid-state batteries and other technical reserves and pre-research to achieve the Company's performance and staff income to continue to grow healthily. At the same time for solid-state batteries and other technology reserves and pre-research, to achieve the Company's performance and staff income continue to grow healthily, to build the lithium intelligent equipment industry's first brand, to become a "global first-class lithium-ion intelligent factory overall solution provider.

(III) Business plan

√Applicable ☐Not Applicable

In the face of the rapid development and changes in the industry, the Company will continue to strengthen R & D investment and technological innovation, and constantly improve the R & D, production, sales and service system, improve the lithium after the product line, promote product iteration and upgrading, to achieve cost reductions and efficiencies, and at the same time, integrate the industry chain of upstream and downstream resources to provide customers with lithium-ion battery intelligent manufacturing solutions, with the strength of casting the enterprise moat, and to achieve the Company's strategic goals.

The Company will adopt the following specific plans and measures:

1. Driving growth with technological innovation

The Company will steadfastly deepen its R&D investment strategy, focus on the integration and innovation of automation, digitization, and intelligent technologies, and commits itself to achieving technological breakthroughs and process improvements in the field of battery formation and grading equipment across all product categories, including square, cylindrical, soft pack, and small steel shell batteries. Through continuous iterative optimization, the Company has developed an integrated production and testing solution covering the entire lifecycle of lithium iron, ternary, semi-solid, and all solid state batteries, meeting the industry's core requirements for high-precision, high-efficiency, and high compatibility equipment.

2. Deepening internationalization strategy

In terms of market layout, the Company has formed long-term and stable cooperative relationships with numerous domestic and foreign customers. It always puts customer needs first and is committed to achieving instant and efficient service response through a global service network layout. In the future, the Company will continue to deeply cultivate the existing international market, rely on the deep integration and intelligent upgrading of the global supply chain network, build a localized "agile response + precise service" support system, and create seamless global experience for customers with its short service radius, fast delivery speed, and strong customization capabilities.

3. Green and sustainable development

The Company always regards sustainable development as its core strategy, and presents its innovative practices and long-term value creation path in the fields of environmental governance, social responsibility, and corporate governance transparently to global stakeholders through regular sustainability reports. In the future, the Company will anchor the "dual carbon" strategic goal, using the dual engines of green smart manufacturing system and super energy-efficient equipment to drive full

chain carbon reduction leap for customers, and jointly draw a new vision of zero carbon with the global new energy industry.

4. Corporate culture and team building

The Company always adheres to the development strategy of deeply integrating employee growth into the Company's and through a diversified talent development system, it has built a composite talent team that resonates with the Company's strategy and deeply integrates with the global market. In the future, the Company will continue to deepen this strategy, further optimize the talent development path, keep up with the forefront trends of the industry, introduce emerging technologies and management concepts, enrich training content and forms, and ensure that employee abilities are synchronized with market demand for iteration. At the same time, the Company will establish a more flexible talent incentive mechanism to encourage employees to innovate and create, stimulate organizational vitality, provide broader development space and promotion opportunities for talents, and jointly promote the Company towards higher goals, achieving win-win development between employees and the enterprise.

(IV) Others

☐Applicable ☒Not Applicable

Section IV Corporate Governance

I. Information Note on Corporate Governance

☒Applicable ☐Not Applicable

The Company established a corporate governance structure comprising the general meeting of shareholders, the Board of Directors, the Supervisory Committee and the management in accordance with the requirements of relevant laws and regulations and regulatory documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines on the Governance of Listed Companies*, the *Rules Governing the Listing of Stocks on the Technology Innovation Board of the Shanghai Stock Exchange* and other relevant laws and regulations and regulatory documents in conjunction with the actual situation of the Company. The Board of Directors of the Company has four specialized committees, including the Strategic Decision-making Committee of the Board of Directors, the Audit Committee of the Board of Directors, the Nomination Committee of the Board of Directors and the Remuneration and Evaluation Committee of the Board of Directors, which assist the Board of Directors in making decisions in the areas of strategic development, auditing, personnel and remuneration, respectively.

In FY2023, the Company revised the relevant internal governance systems in an orderly manner in accordance with the changes of relevant regulations and rules such as the revision of the *Company Law of the People's Republic of China* and the reform of the independent directors system, and revised the *Independent Directors' Work System*, the *Rules of Procedure of the Audit Committee of the Board of Directors*, the *Rules of Procedure of the Nomination Committee of the Board of Directors*, the *Rules of Procedure of the Remuneration and Evaluation Committee of the Board of Directors*, the *Rules of Procedure of the Strategic Decisions Committee of the Board of Directors* and the *Decision-making System for Related Transactions*. The revision of these systems improved the functions of specialized committees, and at the same time, independent directors' specialized meeting systems were added, fully leveraging the independence and professionalism of independent directors, effectively enhancing the professionalization of board decisions, and ensuring the scientific nature of board decisions. In FY2024, the Company strictly implemented the new requirements of the new system and convened the first meeting of the independent directors' special meeting of the third session of board of directors to ensure that all systems of the Company are complete and compliant, effective and feasible, and to ensure the Company's compliant operation and healthy development. In March 2025, in accordance with laws, regulations, normative documents such as the *Company Law*, *Securities Law*, *Shanghai Stock Exchange Science and Technology Innovation Board Listed Enterprises Self-Regulatory Guidelines No. 1 - Standardized Operation*, and *Listed Enterprises Regulatory Guidelines No. 10 - Market Value Management*, as well as the Company's *Articles of Association*, the Company formulated the *Market Value Management System* to further strengthen the compliance, scientificity, and effectiveness of its market value management activities.

Whether there are significant differences between corporate governance and the laws, administrative regulations and CSRC's regulations on governance of listed companies; if there are significant differences, the reasons should be stated.

☐Applicable ☒Not Applicable

II. The Company's explanation of its failure to ensure independence and maintain autonomous management ability in terms of business, personnel, assets, organization and finance with its controlling shareholder

☐Applicable ☒Not Applicable

Controlling shareholders, de facto controllers and other entities under their control engaging in the same or similar business as the Company, as well as the impact on the Company of competition in the same industry or significant changes in the situation of competition in the same industry, measures taken to resolve the issue, the progress of the resolution, and the subsequent resolution plan.

☐Applicable ☒Not Applicable

Controlling shareholders, de facto controllers and other entities under their control engaging in inter-industry competition that constitutes a material adverse effect on the Company.

☐Applicable ☒Not Applicable

III. Introduction to the General Meeting of Shareholders

Session	Date	Inquiry index of the designated website where the resolution is published	Disclosure date of resolution publication	Meeting resolution
2023 Annual General Meeting	May 17, 2024	Announcement of Resolutions of the 2023 Annual General Meeting (Announcement No. 2024-015) disclosed on the Shanghai Stock Exchange (www.sse.com.cn) and in the Shanghai Securities News and Securities Daily	May 18, 2024	All proposals were considered and passed at this meeting, and there were no cases of rejection of motions.
First Extraordinary General Meeting of 2024	September 19, 2024	Announcement of Resolutions of the First Extraordinary General Meeting of 2024 (Announcement No. 2024-024) disclosed on the Shanghai Stock Exchange (www.sse.com.cn) and in the Shanghai Securities News and Securities Daily	September 20, 2024	All proposals were considered and passed at this meeting, and there were no cases of rejection of motions.

Preferred shareholders whose voting rights have been restored request the convening of an extraordinary shareholders' meeting

☐Applicable ☒Not Applicable

Information note on the general meeting of shareholders

☒Applicable ☐Not Applicable

All of the above motions at the Annual General Meeting of Shareholders were considered and passed, and there were no cases in which the motions were rejected.

IV. Implementation and changes in the arrangements for differences in voting rights during the reporting period

☐Applicable ☒Not Applicable

V. Corporate Governance of Red Chip Structure

☐Applicable ☒Not Applicable

VI. Directors, Supervisors and Senior Management**(I) Changes in shareholdings and remuneration of incumbent and outgoing directors, supervisors, senior management and core technical personnel during the reporting period**

√Applicable □Not Applicable

Currency: RMB Unit: shares

Name	Position (Note)	Gender	Age	Term start date	Term end date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease of shares during the year	Reason for increase or decrease	Pre-tax remuneration received from the Company during the reporting period (10,000 Yuan)	Whether to receive remuneration from related parties of the Company
Yan Lei	Chairman of the board	Female	43	2021-12-30	/	0	0	0	Not applicable	64.11	No
Yu Pingguang	Director, General Manager	Male	60	2021-12-30	/	3,340,656	3,340,656	0	Not applicable	33.04	No
Sang Hongyu	Director, Deputy General Manager	Male	52	2021-12-30	/	3,340,656	3,340,656	0	Not applicable	88.89	No
Zhao Qunwu	Director	Male	51	2021-12-30	/	3,234,956	3,234,956	0	Not applicable	46.28	No
Qian Yanmin	Independent Director	Male	62	2021-12-30	/	0	0	0	Not applicable	8.00	No
Xu Yaming	Independent Director	Female	70	2021-12-30	/	0	0	0	Not applicable	8.00	No
Chen Linlin	Independent Director	Male	50	2021-12-30	/	0	0	0	Not applicable	8.00	No
Zheng Linjun	Supervisor	Female	59	2021-12-30	/	1,974,025	1,974,025	0	Not applicable	25.69	No
Zhang Yingying	Supervisor	Female	59	2021-12-30	/	1,974,025	1,974,025	0	Not applicable	29.78	No
Hu Zhenhua	Supervisor (employee	Male	41	2021-12-30	/	0	0	0	Not applicable	41.49	No

	representative)										
Fu Fenghua	Deputy General Manager, Board Secretary, Chief Financial Officer	Male	38	2021-12-30	/	140,000	140,000	0	Not applicable	66.15	No
Liu Wei	Core technical personnel	Male	40	2016-01-01	/	28,700	0	28,700	Autonomous reduction of holdings	79.61	No
Total	/	/	/	/	/	14,033,018	14,004,318	28,700	/	499.04	/

Note: The Company's controlling shareholders, de facto controllers, directors, supervisors and senior management indirectly hold shares of the Company through the following shareholding platforms:

Shareholding platform name	Shareholding platform abbreviation	Nature of shareholding platform	Number of shares held by shareholding platform (shares)
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	Hangke Group	Employee Stock Ownership Platform	134,975,968

The indirect shareholdings of the Company's controlling shareholders, de facto controllers, directors, supervisors and senior management are as follows:

Name	Company position	Shareholding platform	Percentage of contribution in the shareholding platform (%)
Cao Ji	Director of Operation and Management Office (controlling shareholder, de facto controller)	Hangke Group	89.848
Cao Zheng	De facto controller	Hangke Group	1.00
Sang Hongyu	Director, Deputy General Manager	Hangke Group	2.00
Zhao Qunwu	Director	Hangke Group	2.00
Zheng Linjun	Supervisor	Hangke Group	1.00

Yu Pingguang	Director, General Manager	Hangke Group	1.00
Zhang Yingying	Supervisor	Hangke Group	1.00

Note: Apart from directly or indirectly holding the aforesaid shares of the Company, none of the controlling shareholders, de facto controllers, directors, supervisors and senior management of the Company holds the shares of the Company directly or indirectly in other ways. None of the shares held by the Company's controlling shareholders, de facto controllers, directors, supervisors and senior management are pledged or frozen.

Name	Main working experience
Yan Lei	From August 2008 to July 2012, he served as the accountant of Hangke Instrument; from August 2012 to November 2015, he successively served as the Chief Accountant, Chief Financial Officer, and Deputy General Manager of Hangke; from November 2015 to February 2017, he served as the Chief Financial Officer and Deputy General Manager of Technology; From February 2017 to September 2022, he served as the Deputy General Manager of Hangke Technology ; from September 2022 to now, he serves as the Chairman and Deputy General Manager of Hangke Technology .
Yu Pingguang	From July 1987 to June 2015, he successively served as the Technician, Project Manager, and Director of the Research Institute of Hangke Instrument; since July 2015, he has served as the Director of the Research Institute of Hangke Technology ; from November 2015 to December 2021, he has served as the Supervisor of Hangke Technology ; From December 2021 to September 2022, he has served as the Director of Hangke Technology ; from September 2022 to now, he has been the Director and General Manager of Hangke Technology .
Sang Hongyu	From July 1996 to August 1999, he served as a technician in the Technology Development Department of Hangzhou Machinery Design Institute of China Light Industry Federation; from September 1999 to May 2015, he served as the designer, assistant to the General Manager, and Deputy General Manager of Hangke Instrument; From January 2011 to November 2015, he served as the Deputy General Manager of Hangke Co., Ltd.; since November 2015, he has served as the Director and Deputy General Manager of Hangke Technology.
Zhao Qunwu	From July 1996 to May 2015, he successively served as a technician, Director of the Research Office, Deputy Director of the Research Institute, assistant to the General Manager, and Deputy General Manager of Hangke Instrument; from November 2011 to November 2015, he served as the Deputy General Manager and the Director of the Research Institute of Hangke; from November 2015 to February 2017, he served as the Director, Deputy General Manager and Director of the Research Institute of Hangke Technology; since February 2017, he has served as the Director and Director of the Research Institute of Hangke Technology.
Qian Yanmin	From August 1988 to September 1995, he served as a lecturer at the School of Economics and Trade, Huajiachi Campus, Zhejiang University; from December 1995 to December 1998, he served as an Associate Professor and Dean of the School of Economics and Trade, Huajiachi Campus, Zhejiang University; From September 1996 to July 1998, he served as a researcher at the Department of Economics of the University of Western Ontario, Canada, and a visiting scholar of the Canada-China Scholars Exchange Program; from September 2001 to August 2012, he worked as a risk analyst at Scotia Bank in Canada; from September 2004 to the present, he is a research fellow of School of Finance, Zhejiang University and an associate professor of School of Economics, Zhejiang University. Since December 2021, he has served as an Independent Director of Hangke Technology.
Xu Yaming	From 1975 to September 1978, he worked as the General Ledger Accountant of Finance Section of Jinma Mining Machinery Factory in Kunming, Yunnan; from July 1982 to August 1987, he worked in the Financial Accounting Office of Sichuan Textile Industry Department (undertaking the province's textile industry cost analysis and textile briefing); since August 1987, he has been an associate professor of the School of Accounting,

	Zhejiang University of Finance and Economics; Where: from 1991 to 2005, he served as the Head of the Accounting Theory Teaching and Research Office, Financial Accounting Teaching and Research Office, and Financial Accounting Department. As an independent director of Hangzhou Zhengqiang Transmission Co., Ltd. since June 2019 to date. Since December 2021, he has served as an Independent Director of Hangke Technology.
Chen Linlin	From 2004 to 2008, he served as a teacher of Zhejiang University of Finance and Economics; from 2008 to 2017, he served as a professor of Guanghua Law School, Zhejiang University ; from 2017 to 2020, he served as the Dean of the Law School of Zhejiang Gongshang University and he also served as a Director of the China Law Society, the Chairman of the Jurisprudence and History Research Association of the Zhejiang Law Society, a researcher at the National Judicial Civilization Collaborative Innovation Center, and a member of the Expert Advisory Committee of the Zhejiang Provincial People's Procuratorate. He is currently a professor/doctoral tutor of Zhejiang Gongshang University and an independent director of Wolong Resources Group Co., Ltd. Since December 2021, he has served as an Independent Director of Hangke Technology.
Zheng Linjun	From August 1989 to May 2015, he successively served as a Technician and Director of the Planning Department of Hangke Instrument; from November 2011 to November 2015, he served as assistant to the General Manager of Hangke, Director of the Information Planning Department, and Supervisor; since November 2015, he has served as a Chairman of the Board of Supervisors, Director of the Information Planning Department, and Assistant to the General Manager of Hangke Technology.
Zhang Yingying	From July 1984 to June 2015, he served successively as an employee, workshop Director, head of the Manufacturing Department, assistant to the General Manager, and Deputy General Manager of Hangke Instrument; from November 2011 to November 2015, he served as assistant to the General Manager and Deputy General Manager and the Director of Manufacturing of Hangke; from November 2015 to February 2017, he served as the Director and Deputy General Manager of Hangke Technology; from February 2017 to December 2021, he served as the Deputy General Manager of Hangke Technology; since December 2021, he has been the Supervisor of Hangke Technology.
Hu Zhenhua	From April 2004 to October 2004, he served as the Nanping Precision Commissioning Engineer; from October 2004 to June 2015, he served as a salesperson of Hangke Instrument; from July 2015 to November 2016, he served as a salesperson of Hangke Technology; from November 2015 to now, he served as the Supervisor of Hangke Technology; Since December 2016, he has served as the Regional Manager of the Sales Department of Hangke Technology.
Fu Fenghua	From September 2010 to May 2018, he served as the Auditor, Project Manager, and Senior Project Manager of Pan-China Certified Public Accountants (Special General Partnership); from June 2018 to April 2020, he served as the Financial Manager and Deputy Financial Director of Hangke Technology; from April 2020 to December 2021, he served as the Company's Chief Financial Officer and Secretary of the Board of Directors. Since December 2021, he has served as the Deputy General Manager, Chief Financial Officer and Secretary of the Board of Directors of Hangke Technology.
Liu Wei	From July 2005 to July 2007, he served as a technician of Hongzhun Precision Mold (Kunshan) Co., Ltd.; from July 2007 to February 2008, he served as a teaching assistant in Liu'an Senior Technical School; from February 2012 to March 2013, he served as a new Mechanical Engineer of SINTEC Automation (Hangzhou) Co., Ltd.; from May 2013-March 2014, he served as the Mechanical Design Engineer of Hangzhou Puwell Optoelectronics Technology Co., Ltd.; from March 2014 to December 2015, he served as the Mechanical Design Engineer and the Director of Mechanical Design Group; since January 2016, he has been the Director and assistant to the General Manager of Hangke Technology Automation Research Institute.

Other information notes

□Applicable √Not Applicable

(II) Appointment of incumbent and outgoing directors, supervisors and senior management during the reporting period**1. Employment in shareholders' organizations**

□Applicable √Not Applicable

2. Employment in other organizations

√Applicable □Not Applicable

Staff name	Other organization names	Positions held in other units	Term start date	Term end date
Zhao Qunwu	Hangzhou Reliability Instrument Factory	Director		
Yu Pingguang	Hangzhou Reliability Instrument Factory	Director		
Yan Lei	Pallas Intelligent Systems (Hangzhou) Co., Ltd.	Supervisor		
Zhang Yingying	Hangzhou Reliability Instrument Factory	Director		
Zheng Linjun	Hangzhou Reliability Instrument Factory	supervisor		
Xu Yaming	Hangzhou Zhengqiang Transmission Co., Ltd.	Independent Director	June 22, 2022	June 21, 2025
Xu Yaming	Hangzhou Broadlink Intelligent Technology Co., Ltd.	Independent Director		
Xu Yaming	Hangzhou Tengli Transmission Technology Co., Ltd.	Independent Director		
Qian Yanmin	Hangzhou Juqi Information Technology Co., Ltd.	Independent Director		
Chen Linlin	Wolong Real Estate Group Co., Ltd.	Independent Director	October 27, 2021	October 26, 2024
Description of employment in other organizations	None			

(III) Remuneration of Directors, Supervisors, Senior Management and Core Technicians

√Applicable □Not Applicable

Unit: 10,000 Yuan Currency: RMB

Decision-making procedures for the remuneration of Directors, supervisors and senior executives	According to the Company's Articles of Association, the Company's Remuneration and Evaluation Committee conducts research and review of the remuneration policy and plans of directors and senior management. Remuneration plans of senior management shall be approved by the board of directors before implementation; Remuneration plans for directors shall be submitted by the board of directors (all directors shall recuse themselves from voting) to the shareholders' meeting for deliberation and approval before implementation; Remuneration plans for supervisors shall be submitted by the board of supervisors (all supervisors shall recuse themselves from voting) to the shareholders' meeting for deliberation and approval before implementation.
Whether a director recuses	Yes

himself from the Board's discussion of his remuneration matters	
Details of the recommendations issued by the Remuneration and Evaluation Committee or the special meeting of Independent Directors on matters relating to the remuneration of directors, supervisors and senior managers	At the Third Meeting of the Remuneration and Evaluation Committee of the Third Session of the Board of Directors of the Company, the "Proposal for Consideration of Remuneration Criteria of the Directors of the Company for the Year 2024" and the "Proposal for Consideration of Remuneration Criteria of the Senior Management of the Company for the Year 2024" were considered and approved
Basis for Determination of Remuneration of Directors, Supervisors and Senior Management	The remuneration of directors (except Independent Directors), Supervisors and senior management shall be based on the specific management positions they hold in the Company, and they shall be remunerated in accordance with the Company's relevant remuneration and performance appraisal management system, and they shall not be entitled to any separate allowances. The standard of allowance for independent directors shall be considered and decided by the general meeting of the Company.
Actual Payment of Remuneration to Directors, Supervisors and Senior Management	During the reporting period, the actual payment of remuneration to directors, supervisors and senior management of the Company was in line with that disclosed by the Company.
Total remuneration actually received by all Directors, supervisors and senior management at the end of the reporting period	4.1942 million yuan
Total remuneration actually received by core technicians at the end of the reporting period	1.5893 million yuan

Note: Yu Pingguang and Zhao Qunwu are both directors and core technical personnel.

(IV) Changes in directors, supervisors, senior management and core technical personnel of the Company

☐Applicable ☒Not Applicable

(V) Description of penalties imposed by securities regulators in the past three years

☒Applicable ☐Not Applicable

Mr. Cao Ji, the de facto controller and then Chairman of the Board of Directors, received the *Decision on Measures to Issue a Warning Letter to Cao Ji* from the Zhejiang Regulatory Bureau of the China Securities Regulatory Commission on October 19, 2021 due to the short-swing trading of his spouse Kong Haiping. For details, see *Notice on the Chairman of the Company receiving the Warning Letter from Zhejiang Securities Regulatory Bureau* (Notice No.: 2021-045) disclosed by the Company on October 20, 2021. On October 28, 2021, the Shanghai Stock Exchange issued the *Decision on Supervision and Warning of Cao Ji, De facto Controller and then-Chairman of Zhejiang Hangke Technology Incorporated Company* Cao Ji received the *Notice of Case Filing* issued by the China Securities Regulatory Commission on February 16, 2022. For details, see the *Notice on the De facto Controller and Chairman of the Company Receiving the Notice of Filing a Case from China Securities Regulatory Commission* disclosed by the Company on February 17, 2022 (Notice No.: 2022-004) ; On March 9, 2022, Cao Ji received the *Decision on Administrative Punishment* from Zhejiang Securities Regulatory Bureau, which gave Cao Ji a warning and imposed a fine of 200,000 Yuan. For details, please refer to the *Notice on the De facto Controller and Chairman of the Company Receiving the Decision on Administrative Punishment* (Notice No.: 2022-006).

(VI) Others

☐Applicable ☒Not Applicable

(VII) Information on Board Meetings Held During the Reporting Period

Session of the Meeting	Date of Convening	Meeting Resolution
Nineteenth meeting of the Third Session of Board of Directors	April 25, 2024	1. Proposal on the Work Report of the Board of Directors of the Company for the Year 2023 2. Proposal on the Performance Report of the Audit Committee of the Board of Directors of the Company for FY2023 3. Proposal on the Duties Report of the Independent Directors of the Company for FY2023 4. Proposal on the Work Report of the General Manager of the Company for FY2023 5. Proposal on the Report of the Company's Financial Results for FY2023 and the Report of the Financial Budget for FY2024. 6. Proposal on the Company's "Improving Quality, Increasing Efficiency, and Recycling" Action Plan in FY2024 7. Proposal on the Company's Profit Distribution Plan for FY2023 8. Proposal on the Special Report on the Deposit and Utilization of the Company's Proceeds in FY2023 9. Proposal on the Company's Internal Control Evaluation Report for FY2023 10. Proposal on the Company's Annual Report for FY2023 and its Summary 11. Proposal for the Company's First Quarterly Report for FY2024 12. Proposal for Consideration of Remuneration Criteria of the Directors of the Company for the Year 2024 13. Proposal for Consideration of Remuneration Criteria of the Senior Management of the Company for the Year 2024 14. Proposal on the Renewal of the Company's Audit Organization for FY2024 15. Proposal on the Company's Use of Idle Self-owned Funds to Purchase Wealth Management Products for the Year 2024 16. Proposal for the Company to Apply for a Consolidated Credit Line in FY2024 17. Proposal on the Guarantees Expected to be Provided to Subsidiaries in FY2024 18. Proposal on the Company's <Environmental, Social and Corporate Governance Report for the 2023> 19. Proposal on the Company's Provision for Asset Impairment and Write-off of Assets for the Year 2023 20. Proposal on the Company's Use of the Remaining Over-raised Funds from the Initial Public Offering to Permanently Supplement Working Capital of the Company 21. Proposal on the Company's Foreign Exchange Hedging Business in FY2024 22. Proposal to Request the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Relating to the Issuance of Shares to Specified Targets under a Simplified Procedure 23. Proposal on the Leasing of Properties from Related Parties and Connected Transactions 24. Proposal to Request the Convening of the Company's 2023 Annual General Meeting of Shareholders
Twentieth meeting of the Third Session of Board	August 29, 2024	1. Proposal on the Company's 2024 Semi-Annual Report and its Summary 2. Proposal on the Special Report on the Deposit and Utilization

of Directors		of Funds Raised in the Semi-Annual Period of 2024 3. Proposal on the Company's Semi-Annual Profit Distribution Plan in FY2024 4. Proposal on the Semi-Annual Evaluation Report of the Company's <Special Action Plan for Quality Improvement, Efficiency Enhancement, and Heavy Returns in FY2024 5. Proposal to Request the Convening of the Company's First Extraordinary General Meeting for the Year 2024
Twenty-first meeting of the Third Session of Board of Directors	October 30, 2024	Proposal on the Company's Third Quarterly Report for FY2024

VII. Performance of duties by directors

(I) Participation of Directors in the Board of Directors and General Meetings of Shareholders

Name of director	Whether or not an independent director	Attendance in the board meetings						Attendance in the General Meeting of Shareholders
		Number of board meetings that should be attended this year	Attendance in-person	Attendance by telecommunications	Attendance by proxy	Number of absences	Failure to attend two consecutive meetings in person	Attendance at General Meetings of Shareholders
Yan Lei	No	3	3	0	0	0	No	2
Yu Pingguang	No	3	3	0	0	0	No	2
Sang Hongyu	No	3	3	0	0	0	No	2
Zhao Qunwu	No	3	3	0	0	0	No	2
Chen Linlin	Yes	3	3	0	0	0	No	2
Xu Yaming	Yes	3	3	0	0	0	No	2
Qian Yanmin	Yes	3	3	1	0	0	No	2

Statement of failure to attend in person two consecutive meetings of the Board of Directors

☐Applicable ☒Not Applicable

Number of Board meetings held during the year	3
Where: number of on-site meetings	2
Number of meetings held by correspondence	0
Number of meetings held on-site in conjunction with communications	1

(II) Directors' objections to matters relating to the Company

□Applicable √Not Applicable

(III) Others

□Applicable √Not Applicable

IX. Specialized Committees under the Board of Directors

√Applicable □Not Applicable

(I) Membership of specialized committees under the Board of Directors

Category of specialized committees	Name of member
Auditing Committee	Xu Yaming, Chen Linlin, Zhao Qunwu
Nomination Committee	Chen Linlin, Yan Lei, Xu Yaming
Remuneration and Evaluation Committee	Chen Linlin, Sang Hongyu, Xu Yaming
Strategic Decision-making Committee	Yan Lei, Sang Hongyu, Zhao Qunwu, Yu Pingguang, Qian Yanmin

(II) Four meetings held by the Audit Committee during the reporting period

Date of convening	Content of the meeting	Key observations and recommendations	Other performance of duties
April 25, 2024	Proposal on the Performance Report of the Audit Committee of the Board of Directors of the Company for FY2023 Proposal on the Report of the Company's Financial Results for FY2023 and the Report of the Financial Budget for FY2024 Proposal on the Company's Profit Distribution Plan for FY2023 Proposal on the Special Report on the Deposit and Utilization of the Company's Proceeds in FY2023 Proposal on the Company's Internal Control Evaluation Report for FY2023 Proposal on the Company's Annual Report for FY2023 and its Summary Proposal for the Company's First Quarterly Report for FY2024 Proposal on the Renewal of the Company's Audit Organization for FY2024 Proposal on the Company's Provision for Asset Impairment and Write-off of Assets for the Year 2023 Proposal on the Company's Use of the Remaining Over-raised Funds from the Initial Public Offering to Permanently Supplement Working Capital of the Company Proposal on the Company's Foreign Exchange Hedging Business in FY2024 Proposal on the Leasing of Properties from Related Parties and Connected Transactions	After thorough communication and discussion, all proposals were unanimously approved.	None
August 29, 2024	Proposal on the Company's 2024 Semi-Annual Report and its Summary	After thorough communication and	None

	Proposal on the Special Report on the Deposit and Utilization of Funds Raised in the Semi-Annual Period of 2024 Proposal on the Company's Semi-Annual Profit Distribution Plan in FY2024	discussion, all proposals were unanimously approved.	
October 30, 2024	Proposal on the Company's Third Quarterly Report for FY2024	After thorough communication and discussion, the proposal was unanimously approved.	None
December 31, 2024	Proposal on the Communication Matters Regarding the 2024 Annual Report by Pan-China Certified Public Accountants at the Audit Plan Stage	After thorough communication and discussion, the proposal was unanimously approved.	None

(III) One meeting held by the Remuneration and Evaluation Committee during the reporting period

Date of convening	Content of the meeting	Key observations and recommendations	Other performance of duties
April 25, 2024	Proposal for Consideration of Remuneration Criteria of the Directors of the Company for the Year 2024 Proposal for Consideration of Remuneration Criteria of the Senior Management of the Company for the Year 2024	After thorough communication and discussion, all proposals were unanimously approved.	None

(IV) One meeting held by the Strategic Decision-making Committee during the reporting period

Date of convening	Content of the meeting	Key observations and recommendations	Other performance of duties
April 25, 2024	Proposal on the Company's <Environmental, Social and Corporate Governance Report for the 2023> Proposal to Request the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Relating to the Issuance of Shares to Specified Targets under a Simplified Procedure	After thorough communication and discussion, all proposals were unanimously approved.	None

(V) One meeting held by the Nomination Committee during the reporting period

Date of convening	Content of the meeting	Key observations and recommendations	Other performance of duties
April 19, 2024	Report on the Performance of the Nomination Committee in 2023	After thorough communication and discussion, all proposals were unanimously approved.	None

(VI) Specifics of the matter on which the objection exists

☐Applicable ☒Not Applicable

X. Explanation of the Risks Identified by the Board of Supervisors for the Company

☐Applicable ☒Not Applicable

The Board of Supervisors has no objections to the supervisory matters in the reporting period.

XI. Employees of the Parent Company and Major Subsidiaries at the End of the Reporting Period**(I) Employees**

The number of employees employed by the parent Company	3,831
Number of employees on active duty in major subsidiaries	22
Total number of employees on active duty	3,853
The number of retired employees whose parent Company and major subsidiaries need to bear the expenses	105
Specialty composition	
Specialty Category	Professional composition
Production staff	2,253
Salesperson	226
Technician	1,101
Financial officer	22
Administration staff	251
Total	3,853
Education level	
Education level category	Number (persons)
Middle school and below	1,209
High school	499
Secondary specialized school	398
Junior college	879
Undergraduate	779
Postgraduate	89
Total	3,853

(II) Remuneration Policy

☒Applicable ☐Not Applicable

In accordance with the provisions of relevant state labor laws and regulations, the Company signs labor contracts with employees, pays medical, pension and other insurance and housing provident fund for employees, and in combination with the industry in which the Company is located and the actual business situation, establishes a scientific performance management system, formulates a flexible salary system linked to performance, scientific and reasonable protection of the immediate interests of employees. The Company actively organizes and carries out various activities to enrich the cultural life of employees and enhance their sense of belonging and satisfaction.

(III) Training Programs

☒Applicable ☐Not Applicable

The Company has set up a specialized training system to train employees in a ladder style and improve it continuously. The Company's training is divided into two forms: internal training and external training. In terms of internal training, the Company has established a team of internal lecturers, opened internal open courses, used the Company's internal resources to carry out pre-employment training, skills training in various departments and management training, constantly stimulate the potential of employees to help employees grow and improve; external training, the Company through the hiring of external lecturers and organizing employees to participate in external training and other ways, for different employees and management to formulate targeted special training, broaden the concept of

staff thinking, improve employees' professional skills and improve their professional skills and improve the quality of training. In terms of external training, the Company has formulated special training for different employees and management through hiring external lecturers and organizing employees to participate in external training, so as to broaden their thinking and improve their professional skills and comprehensive quality. Through the combination of external training and internal training, the Company formulates corresponding training plans according to the job requirements, builds a good career development channel for employees, and reserves human resources for the Company's stable development.

(IV) Outsourcing of Labor Services

☐Applicable ☒Not Applicable

XII. Profit Distribution or Capitalization of Capital Reserve Proposal

(I) Formulation, implementation or adjustment of cash dividend policy

☒Applicable ☐Not Applicable

1. Formulation of cash dividend policy

The Company has established a cash dividend policy in its Articles of Association in accordance with the relevant provisions of the *Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Companies* (Zheng Jian Fa [2012] No. 37) of the China Securities Regulatory Commission and the *Supervisory Guideline for Listed Companies No. 3 - Cash Dividends for Listed Companies*. Under the following conditions, the Company shall give priority to the cash method when distributing profits: 1) the distributable profit (i.e. after-tax profit after making up for losses and withdrawing provident fund) realized by the Company in the year is positive, and the cash flow is sufficient, and the implementation of the cash dividend will not affect the Company's subsequent continuous operation; 2) the auditing institution has issued a standardized and unqualified auditor's report on the Company's financial report for the year; 3. The Company has no major investment plan or major cash expenditure and other matters occur (except for the fund-raising investment projects). Significant investment plans or significant cash expenditures means: the Company's proposed foreign investment, acquisition of assets or purchase of equipment in the next twelve months the cumulative expenditure reaches or exceeds 50% of the Company's latest audited net assets and exceeds 100 million yuan; or the Company's proposed foreign investment, acquisition of assets or purchase of equipment in the next twelve months the cumulative expenditure reaches or exceeds 30% of the Company's latest audited total assets. If the Company adopts the cash method of dividend distribution in the current year, the profit distributed in cash shall not be less than fifteen percent of the distributable profit realized in the current year; and the cumulative profit distributed by the Company in cash in the recent three years shall not be less than 30% of the average annual distributable profit realized in the recent three years. Under the conditions of profit distribution, the Company shall, in principle, make profit distribution once a year, and the Board of Directors of the Company may propose the Company to make medium-term cash dividends according to the Company's profitability and capital requirements. The profit distribution of the Company shall not exceed the scope of accumulated distributable profit and shall not jeopardize the Company's ability to continue operation. The Company may, based on the annual profitability and cash flow situation, separately adopt the method of stock dividend distribution for profit distribution under the premise of ensuring the minimum cash dividend ratio and the reasonable size of the Company's share capital and shareholding structure, and keeping the expansion of share capital in line with the growth of its performance.

2. Implementation of the cash dividend policy

On May 17, 2024, the Company held its 2023 annual general meeting, considered and approved the *Proposal on the Company's Profit Distribution Plan for FY2023*. The Company distributed a cash dividend of RMB3.4 (tax included) per 10 shares to all shareholders, based on the total share capital of the Company of 603,672,152 shares before the implementation of the proposal, a cash dividend of RMB0.34 (tax included) per share, totaling a cash dividend of RMB 205,248,531.68.

On September 19, 2024, the Company held the first extraordinary general meeting of 2024, and considered and passed the *Proposal on the Company's Semi-Annual Profit Distribution Plan in FY2024*. The Company paid a cash dividend of RMB1.1 (tax inclusive) for every 10 shares to all shareholders,

based on the total share capital of the Company of 603,672,152 shares before the implementation of the proposal, a cash dividend of RMB0.11 (tax inclusive) per share, totaling a cash dividend of RMB 66,403,936.72.

On February 7, 2025, the Company held its first extraordinary general meeting of shareholders and approved the proposal on the Company's mid-term profit distribution plan for 2024. The Company distributed a cash dividend of RMB 0.58 (tax inclusive) per 10 shares to all shareholders. Based on the total share capital of 603,672,152 shares before the implementation of the plan, a cash dividend of 0.058 yuan (tax inclusive) per share is distributed, totaling RMB 35,012,984.82.

As of the end of the reporting period, the above proposals have been implemented.

3. Cash dividend policy for FY2024

After consideration by the Board of Directors, the Company proposes to distribute profits for the year 2024 based on the total share capital registered on the date of share registration for the implementation of the equity distribution. The profit distribution plan is as follows:

The Company proposed to distribute a cash dividend of RMB0.58 per 10 shares (tax inclusive) to all shareholders. As at the date of the Board of Directors' meeting to consider the profit distribution plan, the total share capital of the Company was 603,672,152 shares, and the total cash dividend to be distributed on this basis amounted to RMB35,012,984.82 (inclusive of tax). The amount of cash dividend accounted for 10.73% of the net profit attributable to shareholders of the listed company in the consolidated financial statements of the Company for the year 2024, and the total dividend paid by the Company for the equity distribution in the first three quarters of 2024 amounted to RMB101,416,921.54, which had been implemented and completed on December 16, 2024 and March 17, 2025 respectively. The total amount of cash dividends paid by the Company for the year was RMB136,429,906.36, accounting for 41.81% of the net profit attributable to shareholders of listed companies in the Company's consolidated financial statements for the year 2024.

The Company will not carry out any capitalization of Capital reserve or bonus shares for the current year. If the total share capital of the Company changes as a result of convertible bonds conversion/share buyback/share buyback and cancellation of shares granted under equity incentive scheme/share buyback and cancellation of shares under major asset reorganization during the period from the date of adoption of this announcement to the date of registration of shareholders' rights to implement the equity distribution, it is proposed to keep the distribution ratio per share unchanged and adjust the total amount of distribution accordingly, and the details of such adjustments will be announced separately.

The profit distribution proposal has yet to be submitted to the shareholders' meeting for consideration.

(II) Special Notes on Cash Dividend Policy

☒Applicable ☐Not Applicable

Does it comply with the provisions of the Company's Articles of Association or the requirements of the resolutions of the General Meeting of Shareholders?	☒ Yes ☐ No
Are the dividend standards and proportion clear and specific ?	☒ Yes ☐ No
Are relevant decision-making procedures and mechanisms complete?	☒ Yes ☐ No
Did the independent directors perform their duties and play their due role?	☒ Yes ☐ No
Do small and medium shareholders have the opportunity to fully express their opinions and appeals, and are their legitimate rights and interests fully protected?	☒ Yes ☐ No

(III) If the Company is profitable during the reporting period and the parent Company's profits available for distribution to shareholders are positive, but has not proposed a cash profit distribution plan, the Company shall disclose the reasons in detail and the purpose and use plan of the undistributed profits.

☐Applicable ☒Not Applicable

(IV) Proposed distribution of profits and capitalization of capital reserve for the reporting period

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Bonus shares for every 10 shares (shares)	0
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Dividend per 10 shares (Yuan) (tax inclusive)	0.58
Increase per 10 shares (shares) by transfer	0
Cash dividend amount (tax inclusive)	35,012,984.82
Net profit attributable to ordinary shareholders of listed companies in the consolidated statement	326,336,354.34
Ratio of cash dividend amount to the net profit attributable to ordinary shareholders of listed companies in the consolidated statement (%)	10.73
The amount of shares repurchased in cash to be included in the cash dividend	0
Total amount of dividends (tax inclusive)	35,012,984.82
The ratio of the total dividend amount to the net profit attributable to ordinary shareholders of listed companies in the consolidated statement (%)	10.73

Note: On September 19, 2024, the Company held its first extraordinary general meeting of shareholders and approved the proposal on the Company's half year profit distribution plan for 2024. The Company distributed a cash dividend of RMB 1.1 yuan (tax inclusive) for every 10 shares to all shareholders. Based on the total share capital of 603,672,152 shares before the implementation of the plan, a cash dividend of RMB0.11 (tax inclusive) was distributed per share, totaling RMB 66,403,936.72 yuan. This plan was completed on October 16, 2024. On February 7, 2025, the Company held its first extraordinary general meeting of shareholders and approved the proposal on the Company's mid-term profit distribution plan for 2024. The Company distributes a cash dividend of RMB 0.58 (tax inclusive) for every 10 shares to all shareholders. Based on the total share capital of 603,672,152 shares before the implementation of the plan, a cash dividend of RMB0.058 (tax inclusive) was distributed per share, totaling 35,012,984.82 yuan. This plan was completed on March 17, 2025. The total cash dividend amount of the Company this year was 136,429,906.36 yuan, accounting for 41.81% of the net profit attributable to shareholders of the listed company in the Company's 2024 consolidated financial statements.

(V) Cash dividends for the last three fiscal years

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Net profit attributable to ordinary shareholders of listed companies in the consolidated statement for the most recent fiscal year	326,336,354.34	
Undistributed profit at the end of the fiscal year in the parent company's financial statement for the most recent fiscal year	1,881,888,242.75	
Amount of accumulated cash dividends for the last three fiscal years (tax inclusive)(1)	540,890,248.10	
Cumulative amount of buybacks and write-offs in the last three fiscal years (2)		
Cumulative amount of cash dividends and buybacks and write-offs for the last three fiscal years (3)=(1)+(2)	540,890,248.10	
Amount of average annual net profit for the last three fiscal years (4)	542,007,090.63	
Cash dividend ratio for the last three fiscal years (%) (5)=(3)/(4)	99.79	
Cumulative amount of R&D investment in the last three fiscal years	708,013,231.73	
Ratio of cumulative amount of R&D investment to cumulative operating income for the last three fiscal years (%)	6.83	

XIII. Status of the Company's equity incentive plan, employee stock ownership plan or other employee incentives and their impacts

(I) Overall situation of equity incentives

√Applicable □Not Applicable

1. Equity incentive plan during the reporting period

Unit: Yuan Currency: RMB

Plan name	Incentives	Number of underlying stocks	Percentage of the number of underlying stocks (%)	Number of incentive objects	Percentage of incentive objects (%)	Granted target stock price
2021 Restricted Stock Incentive Plan	Class II restricted stock	3,000,000	0.74	465	10.76	27.77
2022 Restricted Stock Incentive Plan	Class II restricted stock	4,000,000	0.99	245	9.67	28.00

Note: The above number of Subject Shares has not excluded the portion of shares that lapsed and became invalid due to capacity from service, failure to meet assessment standards, abandonment and failure to complete the grant of the reserved portion within the validity period as at the end of the reporting period; the price of Subject Shares granted under the Restricted Share Incentive Plan for the year 2021 is the price adjusted for the equity distribution; the denominator of the calculation of the number of Subject Shares is the total number of shares of the Company as at the date of the disclosure of the draft Incentive Plan; The denominator for the calculation of the percentage of the number of Subject Shares is the total number of employees of the Company as of the date of disclosure of the draft Incentive Plan.

2. Progress in the implementation of equity incentives during the reporting period

√Applicable □Not Applicable

Unit: shares

Plan name	Number of equity incentives granted at the beginning of the year	Number of new equity incentives granted during the reporting period	Number of vesting/exercise/unlocking during the reporting period	Number of vested/exercised/unlocked during the reporting period	Grant price/exercise price (yuan)	Number of equity incentives granted at the end of the period	Number of shares vested/exercised/unlocked at the end of the period
2021 Restricted Stock Incentive Plan	2,000,000	0	0	0	27.77	867,000	0
2022 Restricted Stock Incentive Plan	2,400,000	0	0	0	28	1,600,000	0

3.Completion of assessment targets for equity incentives and share-based payment expenses recognized during the reporting period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Plan name	Completion of assessment indicators at the Company level during the reporting period	Share-based payment expense recognized in the reporting period
2021 Restricted Stock Incentive Plan	Company-level assessment metrics for Phase III of the 2021 Restricted Stock Incentive Plan were not met	
2022 Restricted Stock Incentive Plan	Company-level assessment metrics for Phase III of the 2022 Restricted Stock Incentive Plan were not met	-6,893,610.52
Total	/	-6,893,610.52

(II) Relevant incentives have been disclosed in an interim announcement and there is no progress or change in subsequent implementation

√Applicable □Not Applicable

Overview of the matter	Query index
On April 28, 2025, the Company held the 24th meeting of the 3rd Session of Board of Directors and the 21st meeting of the 3rd Session of Board of Supervisors, and approved the "Proposal on the Cancellation of Some Restricted Stocks That Have Been Granted But Not Yet Attributed", agreeing to cancel some restricted stocks that have been granted but not yet attributed.	For details, please refer to the <i>Announcement on the Cancellation of Restricted Stocks That Have Been Granted But Not Yet Attributed</i> , which the company disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on the same day (announcement number: 2025-011).

Other notes

□Applicable √Not Applicable

Employee Stock Ownership Plan Status

□Applicable √Not Applicable

Other incentives

□Applicable √Not Applicable

(III) Equity incentives granted to directors, senior management and core technical staff during the reporting period**1. Stock option**

□Applicable √Not Applicable

2.Class I restricted stock

□Applicable √Not Applicable

3.Class II restricted stock

√Applicable □Not Applicable

Unit: shares

Name	Position	Number of restricted stocks granted at	Number of newly granted restricted stocks	Grant price of restricted stock (Yuan)	Attributable quantity during the reporting period	The vested quantity in the reporting	Number of restricted stocks granted	Market price at the end of the reporting
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		the beginning of the year	during the reporting period			period	at end of the period	period (Yuan)
Fu Fenghua	Deputy General Manager, Secretary of the Board of Directors, Chief Financial Officer	0.60	0	27.77	0	0	0	17.80
Liu Wei	Core technical personnel	3.00	0	28.00	0	0	0	17.80
Total	/	3.60	0	/	0	0	0	/

Note: Fu Fenghua was granted 18,000 restricted shares under the 2021 Restricted Stock Incentive Plan, and the grant price was adjusted to RMB27.77 as a result of the Company's equity distribution.

(IV) Evaluation mechanism for senior managers, and the establishment and implementation of incentive mechanisms during the reporting period

☒Applicable ☐Not Applicable

The Company has established a selection, evaluation, incentive and restraint mechanism for senior management personnel. All senior managers of the Company are appointed by the Board of Directors, are responsible to the Board of Directors, and implement the resolutions of the Board of Directors. The Board of Directors of the Company has a remuneration and appraisal committee, which is responsible for the year-end assessment of the senior management's working ability, performance of duties, and completion of responsibility goals, formulating a remuneration plan and submitting it to the Board of Directors for review and approval.

During the reporting period, the senior executives of the Company were able to perform their duties in strict accordance with the *Company Law*, the *Articles of Association* and relevant national laws and regulations, and actively implemented the relevant resolutions of the Company's General Meeting of Shareholders and the Board of Directors, continuously optimize the daily management and production business system within the decision-making framework of the Board of Directors, continue to strengthen internal management, and actively complete various tasks assigned by the Board of Directors during the reporting period.

XIV. Construction and Implementation of the Internal Control System During the Reporting Period

☒Applicable ☐Not Applicable

For details, please refer to the Internal Control Evaluation Report of Zhejiang Hangke Technology Incorporated Company disclosed by the Company on the website of the Shanghai Stock Exchange on April 29, 2025.

Explanation on major deficiencies in internal control during the reporting period

☐Applicable ☒Not Applicable

XV. Management and Control over Subsidiaries During the Reporting Period

☒Applicable ☐Not Applicable

For details, please refer to Part XIV *Internal Control Construction and Implementation During the Reporting Period* of this section.

XVI. Relevant Statement on Internal Control Audit Report

☒Applicable ☐Not Applicable

For details, please refer to the *Internal Control Verification Report of Zhejiang Hangke Technology Incorporated Company* disclosed by the Company on the website of the Shanghai Stock Exchange on April 29, 2025.

Whether to disclose the internal control audit report: Yes

Types of internal control audit report opinions: Standard unreserved opinion

XVII. The Rectification of Problems in the Self-examination of the Special Action of Corporate Governance of Listed Companies

Not applicable

XVIII. Others

☐Applicable ☒Not Applicable

Section V Environment, Social Responsibility and Other Corporate Governance

I. Board of Directors' Statement on the ESG Situation

In order to further improve the Company's ESG governance structure, establish a sound ESG management system, and standardize the ESG matter deliberation and decision-making procedures of the Company, the Company established an ESG work leadership group and an ESG work execution group during the reporting period and formed a top-down work mode from strategic decision-making to overall management and professional execution. Under the supervision of the Board of Directors, the Company combines ESG work goals with business objectives and incorporates the ESG annual tasks and goals in the performance indicators and departmental indicators of various functional departments. The functional department heads are responsible for formulating and implementing ESG goals related to their functions. With performance indicators as the driver, the Company guides the achievement and improvement of ESG goals. It will continuously maintain and develop its ESG management system and implement and continuously improve its ESG system, to ensure efficient progress of ESG work and achievement of goals.

II. Overall Work Results of ESG

√Applicable ☐Not Applicable

(I) Industry-specific ESG practices for the year

√Applicable ☐Not Applicable

The Company prepared its 2024 sustainable development report in accordance with guidelines and rules such as the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14- Sustainable Development Report (Trial)* and the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange Science and Technology Innovation Board No. 13- Preparation of Sustainable Development Reports*. For details, please refer to the report disclosed on April 29, 2025 on the website of Shanghai Stock Exchange (www.sse.com.cn).

(II) ESG rating performance for the year

√Applicable ☐Not Applicable

ESG Rating System	ESG Rating Agency	The Company's rating results for the year
Wind ESG Rating System	Wind Information Co., Ltd.	BBB

(III) Tracking by ESG-themed index funds during the year

√Applicable ☐Not Applicable

III. Environmental Information

Whether to establish relevant mechanisms for environmental protection	Yes
Investment in environmental protection during the reporting period (Unit: 10,000 Yuan)	Not applicable

(I) Whether it is a key pollutant discharge unit announced by the environmental protection department

☐Yes ☒No

(II) Administrative penalties imposed on environmental issues during the reporting period

None.

(III) Information on resource energy consumption and emissions

√Applicable ☐Not Applicable

For more details, please refer to the "2024 Environmental, Social and Corporate Governance Report" disclosed by the Company on the same day on the website of Shanghai Stock Exchange (www.sse.com.cn).

1. Greenhouse gas emissions

☐Applicable ☒Not Applicable

2. Consumption of energy resources

☒Applicable ☐Not Applicable

For more details, please refer to the "2024 Environmental, Social and Corporate Governance Report" disclosed by the Company on the same day on the website of Shanghai Stock Exchange (www.sse.com.cn).

3. Waste and pollutant emissions

☒Applicable ☐Not Applicable

For more details, please refer to the "2024 Environmental, Social and Corporate Governance Report" disclosed by the Company on the same day on the website of Shanghai Stock Exchange (www.sse.com.cn).

4. Company environmental management system, etc.

☒Applicable ☐Not Applicable

The Company strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, and the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, and actively advocates and practices green and low-carbon office.

(IV) Measures taken to reduce its carbon emissions during the reporting period and their effects

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	Not applicable
Carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	The Company adheres to the concept of green operation and continuously improves resource utilization efficiency through awareness promotion, management optimization, equipment upgrading, and process improvement, in order to reduce the consumption of water resources, electricity, natural gas, and other resources in the business operation process.

Specific explanation

☐Applicable ☒Not Applicable

(V) New technologies, new products and new services in terms of carbon emission reduction

☐Applicable ☒Not Applicable

(VI) Relevant information that is conducive to protecting the ecology, preventing pollution, and fulfilling environmental responsibilities

☒Applicable ☐Not Applicable

Adhering to the concept of harmonious coexistence between humans and nature, the Company has been committed to promoting green environmental protection and practicing sustainable development. In the process of operation, the Company attaches great importance to energy conservation, emission reduction, and green ecological construction to reduce negative impacts on the natural environment. At the same time, the Company actively carries out green activities to promote and enhance people's

environment protection awareness. For details, please refer to the *2024 Environmental, Social and Corporate Governance Report* disclosed by the Company.

(VII) Measures taken to address global climate changes and their effects

√Applicable □Not Applicable

For more details, please refer to the *2024 Environmental, Social and Corporate Governance Report* disclosed by the Company on the same day on the website of Shanghai Stock Exchange (www.sse.com.cn).

IV. Social Responsibility Work Situation

(I) Main business social contribution and industry key indicators

Refer to the *2024 Environmental, Social and Corporate Governance Report* disclosed by the Company on the same day for details.

(II) Promotion of science, technology and innovation

Refer to II. (IV) Core Technology and R&D Progress of Section III Management Discussion and Analysis of this report for details.

(III) Observance of science and technology ethics

The Company always adheres to technological ethics in product development and application, attaches great importance to data privacy protection, ensures the legality and compliance of research and development, and carefully evaluates the application of results, striving to be beneficial to society and the environment, and promoting technological innovation with a responsible attitude.

(IV) Data security and privacy protection

The Company strictly adheres to the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, as well as the laws and regulations of the location of partners. It upholds the principles of legality, legitimacy, and necessity, actively promotes the construction of information security system, improves the operation and maintenance system architecture, and ensures the collection and use of personal information within a compliant framework. Strictly adhering to the requirements of regulations such as the *Guidelines for Classification and Grading of Information Security Incidents*, the *Guidelines for Information Technology, Security Technology, and Information Security Incident Management*, and the *National Overall Emergency Plan for Public Emergencies*, the Company has established a comprehensive information emergency incident management system. On this basis, the Company has developed corresponding emergency plans for information systems and conducted thorough evaluation on the content of the plans and the drill process to ensure that the risk of potential benefits loss caused by business interruption can be effectively reduced for customers.

(V) Types of charitable activities and contributions

Type	Quantity	Description
External donations		
Of which: Funds (in 10,000 yuan)	0	Not applicable
Conversion of materials into funds (in 10,000 yuan)	0	Not applicable
Public welfare programs		
Of which: Funds (in 10,000 yuan)	0	Not applicable
Number of persons assisted (persons)	0	Not applicable
Rural revitalization		
Of which: Funds (in 10,000 yuan)	0	Not applicable
Conversion of materials into funds (in 10,000 yuan)	0	Not applicable
Number of persons assisted in	0	Not applicable

employment (persons)		
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1. Engaging in public welfare and charitable activities

☐Applicable ☒Not Applicable

2. Consolidating and expanding the achievements of poverty eradication and rural revitalization, and other specific situations

☐Applicable ☒Not Applicable

Specific explanation

☐Applicable ☒Not Applicable

(VI) Protection of the rights and interests of shareholders and creditors

The Company holds shareholders' meetings in strict accordance with the provisions of laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the provisions of normative documents, and the *Articles of Association*, and actively adopts online voting and other methods to expand the proportion of shareholders participating in shareholders' meetings.

During the reporting period, the Company continuously improved its corporate governance structure, safeguarded shareholders' right to know, and ensured shareholders' investment returns. It continuously improved its internal control system and governance structure, strictly fulfilled its information disclosure obligations, and disclosed information truthfully, accurately, completely, timely, and fairly to all shareholders. It communicated and exchanged ideas with investors through various methods such as receiving investors and conducting on-site research, and established good interaction with them. At the same time, the Company's financial policies were sound, with assets and funds secured, while also taking into account the interests of shareholders and creditors. During the reporting period, the Company did not have any major shareholders or related parties occupying company funds, nor did it have any situations where funds were directly or indirectly provided to major shareholders or related parties for use.

(VII) Protection of Employee Rights and Interests

The Company complies with the requirements of laws, regulations, and normative documents such as the *Labor Law* and the *Labor Contract Law*, continuously improves its human resources management system, and enhances its salary and incentive mechanisms. Through the signing of labor contracts and full coverage of social insurance, the Company has established institutional regulations and effectively protected the rights and interests of its employees, covering the salary, benefits, working hours, vacation, and labor protection of employees. The Company adopts a people-oriented approach and advocates for a free, open, cooperative, and innovative working atmosphere, providing employees with a safe and comfortable working environment and paying attention to their physical and mental health. In addition, the Company provides diversified training and a management and technology dual channel career development path for employees to help them develop their careers.

Employee shareholding

Number of employees holding shares (persons)	Not applicable
The ratio of the number of employees holding shares to the total number of employees in the Company (%)	Not applicable
Number of shares held by employees (10,000 shares)	Not applicable
The ratio of the number of shares held by employees to the total share capital of the Company (%)	Not applicable

Note: During the reporting period, the Company did not have any employee stock ownership plan.

(VIII) Protection of Suppliers, Customers and Consumers

The Company has established and implemented a complete standardized internal control management system on procurement, which has clear regulations on matters involving the procurement process, inventory management, and supplier selection, etc. All relevant departments of the Company work together to develop procurement plans based on customer-provided order forecasts and inventory levels, to ensure timely product delivery, controllable product quality, and reasonable inventory levels. In order to select qualified suppliers for cooperation, the Company comprehensively evaluates the production capacity, production technology, delivery cycle, product quality control and other indicators of potential suppliers, and establishes long-term stable cooperative relationship with selected suppliers, during which contractual, standardized and normalized constraints are formed in product delivery time, product quality control, technical confidentiality and other aspects, which can fully safeguard the legitimate rights and interests of suppliers, customers and consumers.

(IX) Product Safety Guarantee

The Company has always insisted on providing customers with high-quality products and services, by strictly controlling product quality, emphasizing product safety, and attaching great importance to quality management in product design, sales, and outsourced production processes. It has established a sound quality control system and passed ISO9001 quality management system certification to ensure product quality control in each process.

(X) Protection of intellectual property rights

Protection of intellectual property rights: (1) The management attaches great importance to intellectual property work, places it in an equally important position as the market, product quality, and cost, and provides sufficient guarantees in terms of manpower, material resources, and financial resources. (2) Strengthening intellectual property applications and fixing technological achievements in the form of patents is fundamental to protecting intellectual property rights. During the reporting period, the Company obtained 73 new invention patents, 64 utility model patents, and 2 software copyrights, and strengthened the protection of intellectual property rights fundamentally. When developing new products and conducting research on new technologies, the first step is to conduct patent searches. By utilizing the technology and methods provided in patent literatures, the Company is able to learn about the latest scientific and technological achievements and research trends in this field both domestically and internationally, so as to avoid duplicate R&D and waste of investment. Besides, the Company established an intellectual property work ledger to dynamically manage the intellectual properties owned by the Company, while actively and promptly applying for new intellectual properties at the same time. It also dynamically monitors the Company's intellectual property rights to prevent infringement, and promptly report any infringement when discovered.

Information security protection: Information security includes device security, operation security, information asset security, and personnel security. (1) In terms of device security, the Company deployed the firewalls, network devices, and servers etc. in a professional IT room which is equipped with dynamic monitoring devices for monitoring the air conditioning, UPS, temperature/humidity, water leakage, and electric leakage etc. to ensure that IT staff are notified via SMS and WeChat when warning thresholds are exceeded. The IT room is equipped with 24-hour surveillance cameras, and IT staff are required to conduct daily inspections of the equipment in the room. (2) In terms of operation security: The Company established and improved its information security management system, and arranged professional IT security management personnel. The Company's IT room has installed Huawei firewall to enhance its protection capabilities and effectively prevent attacks from hackers and computer viruses. The online software security system ensures the preview and early warning, inspection and reporting in process, and post investigation and accountability of information security incidents. (3) In terms of information asset security, the Company implemented hierarchical management on its information assets, clearly defined the information protection levels and requirements, and encrypted information files to effectively protect information security for the Company. (4) In terms of personnel security: The Company conducted onboarding training and periodic information security training for all employees to enhance their awareness of information security. At the same time, professional information security trainings are provided to employees in the IT department to enhance their professional capabilities in information security protection.

(XI) Other Situations in Assuming Social Responsibility√Applicable ☐Not Applicable

The Company actively undertakes and practices social responsibility, focusing on researching and developing low energy consumption green technologies, hoping to save energy through technological innovation and help users reduce energy consumption and material waste. Through integrated design and energy feedback technology, the Company has minimized the product's footprint and environmental temperature control energy consumption to the greatest extent possible. At the same time, using energy feedback technology, more than 80% of the electrical energy generated during battery discharge is fed back to the grid for reuse, greatly reducing energy consumption for customers.

The Company adheres to the principle of putting people first, advocates a united, serious, tense, and lively working atmosphere, provides employees with a safe and comfortable working environment, regularly holds training activities for engineers and frontline employees, shares knowledge, strengthens cross departmental communication, and regularly carries out department level team building activities to enhances employee cohesion. In addition, the Company attaches great importance to the physical and mental health of employees, regularly organizes employee health checkups, and carries out condolence activities for sick employees and employees with difficult conditions to warm the hearts of employees.

V. Other Corporate Governance**(I) Party Building**☐Applicable ☒Not Applicable**(II) Investor Relations and Protection**

Type	Frequency	Related situation
Holding performance briefings	3	During the reporting period, the Company held Hangke Technology's 2023 Annual and 2024 Q1 Performance Briefing, 2024 Semi-annual Performance Briefing, and 2024 Q3 Performance Briefing on the Shanghai Stock Exchange Roadshow Center Platform.
Carrying out investor relations management activities with the help of new media	Continuing	The Company carried out investor relations management activities on the Shanghai Stock Exchange e-Interactive Platform.
Setting up investor relations column on the official website	√Yes ☐ No	Please refer to the "Investor Relations" column on the Company's official website www.chr-group.net for details.

Specifics of conducting investor relations management and protection

√Applicable ☐Not Applicable

The Company attaches great importance to investor relations management. The designated website for company information disclosure is the website of Shanghai Stock Exchange (www.sse.com.cn), and the designated newspapers for company information disclosure are *Shanghai Securities News* and *Securities Daily*, which ensures that all shareholders of the Company have fair access to the Company's information. At the same time, the Company allows communication and exchanges with investors through various forms including performance briefing meetings, Shanghai Stock Exchange e-interactive platform, investor contact email, consultation hotline, and on-site investor research reception, to actively maintain good relationships between the Company and investors, improve the transparency of company information, and safeguard the legitimate rights and interests of all shareholders, especially small and medium-sized shareholders.

Explanation of other ways to communicate with investors

☐Applicable ☒Not Applicable**(III) Transparency of Information Disclosure**√Applicable ☐Not Applicable

The Company discloses its significant information truthfully, accurately, completely, and timely in accordance with relevant laws, regulations, and the Articles of Association, in order to avoid selective information disclosure and safeguard the interests of small and medium-sized investors.

(IV) Participation of Institutional Investors in Corporate Governance

☐Applicable ☒Not Applicable

(V) Operation of Anti-Commercial Bribery and Anti-Corruption Mechanisms

☐Applicable ☒Not Applicable

(VI) Other Corporate Governance

☐Applicable ☒Not Applicable

Section VI Important Matters

I. Fulfillment of Commitments

(I) Commitments made by the Company's de facto controller, shareholders, related parties, acquirers and the Company and other relevant parties during the reporting period or continuing to the reporting period

√Applicable □Not Applicable

Background to the commitments	Commitment type	Commitment party	Commitment element	Commitment time	Whether there is a time limit for performance	Commitment period	Timely and strict compliance	Failure to perform in a timely manner should be accompanied by a statement of the specific reasons why performance has not been completed.	Failure to comply in a timely manner should result in an explanation of the next steps
Commitments related to the initial public offering	Others	Hangke Technology, Cao Ji, Cao Zheng	For details of the share buyback undertakings in relation to the fraudulent issuance of shares, please refer to the relevant contents of "(III) Share Buyback Undertakings in relation to the Fraudulent Issuance of Shares" under "VI. Important Undertakings" in "Section X. Investor Protection" of the prospectus of the Company disclosed on the website of Shanghai Stock Exchange.	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Others	Hangke Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company	Commitments relating to the buyback of new shares, buyback of shares and compensation for losses due to material irregularities in information disclosure: For details on the commitments relating to the buyback of shares in the event of fraudulent issuance of shares, please refer to the relevant contents of "(VI) Commitment to Bear Compensation or Liability in accordance with the Law" under "IV. Important Commitments" in "Section X Investor Protection" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange.	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Others	Hangke	For details of the binding measures for non-	April	No	Long term	Yes	Not applicable	Not

		Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company	fulfillment of commitments, please refer to "(VII) Binding Measures for Non-fulfillment of Commitments" under "IV. Important Commitments" in "Section X. Investor Protection" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange.	10, 2019					applicable
	Others	Hangke Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company	For details of the measures and undertakings for filling the diluted immediate returns, please refer to "(IV) Measures and Undertakings for Filling the Diluted Immediate Returns" under "VI. Important Undertakings" in "Section X. Investor Protection" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange.	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Dividends	Hangke Technology	For details of the commitment to the profit distribution policy, please refer to "III. Dividend Distribution Policy after Listing" in the "Reminder of Material Matters" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange.	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Others	Hangke Technology, Cao Ji, Cao Zheng, directors, supervisors and senior management of the Company	For details of the undertakings to bear compensation or liability in accordance with the law, please refer to the relevant contents of "(V) Undertakings to Bear Compensation or Liability in accordance with the Law" under "VI. Important Undertakings" in "Section X. Investor Protection" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange.	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Resolving	Cao Ji and	For details of the undertakings to avoid	April	No	Long term	Yes	Not applicable	Not

	industry competition	Cao Zheng	competition in the same industry, please refer to "XIII. Agreements entered into by the Issuer with Directors, Supervisors, Senior Management and Core Technical Personnel and their Important Undertakings" and "(II) Undertakings to Avoid Competition in the Same Industry" of "Section V. Basic Information of the Issuer" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange. "	10, 2019					applicable
	Others	Cao Ji and Cao Zheng	For details of the undertakings in respect of the payment of social insurance and housing fund, please refer to the relevant contents of "3. Commitments made by the controlling shareholders and de facto controllers of the issuer" in "(II) Employees' social security and welfare" under "XVII. Employees of the Issuer and their Social Security" of "Section V. Basic Information of the Issuer" of the prospectus disclosed by the Company on the website of Shanghai Stock Exchange. "	April 10, 2019	No	Long term	Yes	Not applicable	Not applicable
	Others	Cao Ji	During the period when Li Zhen held the equity interest of Hangke Technology indirectly in his capacity as the de facto controller of Gotion Hi-Tech Co., Ltd. (hereinafter referred to as "Gotion Hi-Tech"), any bad debt loss of Gotion Hi-Tech and its subsidiaries in respect of the Accounts Receivable of Hangke Technology shall be compensated by Cao Ji himself in full for Hangke Technology, so as to ensure that Hangke Technology will not suffer any loss as a result of such loss.	June 2, 2019	No	During the period when Li Zhen indirectly held the equity interest of Hangke Technology as the de facto controller of Gotion Hi-Tech Co., Ltd.	Yes	Not applicable	Not applicable

(II) There are profit forecasts for the Company's assets or projects, and the reporting period is still in the period of profit forecasts.

Explain whether the original profit forecast has been achieved and why

☐Achieved ☐Not achieved ☒Not Applicable

(III) Fulfillment of Performance Commitment and Its Impact on Goodwill Impairment Test

☐Applicable ☒Not Applicable

II. Non-operating funds occupied by controlling shareholders and other related parties during the reporting period

□Applicable √Not Applicable

III. Illegal guarantee

□Applicable √Not Applicable

IV. Explanation of the Company's Board of Directors to the accounting firm's non-standard opinion audit report

□Applicable √Not Applicable

V. The Company's analysis and explanation on the reasons and effects of changes in accounting policies, accounting estimates, or corrections of major accounting errors**(I) The Company's analysis and explanation of the reasons and impact of changes in accounting policies and accounting estimates**

√Applicable □Not Applicable

1. From January 1, 2024, the Company started to implement the *Interpretation No. 17 of the Enterprise Accounting Standards* on "Classification of Current Liabilities and Non-Current Liabilities" issued by the Ministry of Finance. This accounting policy change has no impact on the Company's financial statements.

2. From January 1, 2024, the Company started to implement the *Interpretation No. 17 of the Enterprise Accounting Standards* on "Disclosure of Supplier Financing Arrangements" issued by the Ministry of Finance.

3. From January 1, 2024, the Company started to implement the *Interpretation No. 17 of the Enterprise Accounting Standards* on "Accounting Treatment of Sale and Leaseback Transactions" issued by the Ministry of Finance. This accounting policy change has no impact on the Company's financial statements.

4. From January 1, 2024, the Company started to implement the *Interpretation No. 18 of the Enterprise Accounting Standards* on "Accounting Treatment of Quality Assurance That Does Not Fall under a Single Performance Obligation" issued by the Ministry of Finance, and retrospectively adjusted information in the comparable period. The specific adjustments made are as follows:

Report items significantly impacted	Impacted amount	Remarks
2023 Income Statement Items		
Operating costs	27,725,211.59	
Sales expenses	-27,725,211.59	

(II) Analysis and explanation of the reasons and effects of the correction of major accounting errors

□Applicable √Not Applicable

(III) Communication with the former accounting firm

□Applicable √Not Applicable

(IV) Approval process and other clarifications

□Applicable √Not Applicable

VI. Appointment and Dismissal of Accounting Firms

Unit: 10,000 Yuan Currency: RMB

	Currently employed
Name of domestic accounting firm	Pan-China Certified Public Accountants (Special

	General Partnership)
Remuneration of the domestic accounting firm	150
Audit period for the domestic accounting firm	10 years
Name of certified public accountant of the domestic accounting firm	Zhao Li, Zhu Yunwen
Years of audit services by certified public accountants of the domestic accounting firm	Zhao Li (3), Zhu Yunwen (2)

	Name	Remuneration
Internal control audit accounting firm	Pan-China Certified Public Accountants (Special General Partnership)	30

Explanation on the appointment and dismissal of accounting firm

☒Applicable ☐Not Applicable

On May 17, 2024, the Company held its 2023 annual general meeting and considered and approved the "Proposal on the Renewal of the Company's Audit Organization for Y2024", deciding to engage Pan-China Certified Public Accountants (Special General Partnership) as the Company's audit institution for the year 2024.

Explanation of the change of accounting firm during the audit period

☐Applicable ☒Not Applicable

Explanation of the decrease of 20% or more (including 20%) in audit fees compared to the Previous Year

☐Applicable ☒Not Applicable

VII. Situations of the Risk of Delisting

(I) Reasons for delisting risk warning

☐Applicable ☒Not Applicable

(II) Countermeasures the Company intends to take

☐Applicable ☒Not Applicable

(III) Circumstances and reasons for facing termination of listing

☐Applicable ☒Not Applicable

VIII. Matters relating to Insolvency and Reorganization

☐Applicable ☒Not Applicable

IX. Significant Litigation and Arbitration Matters

☐There are significant litigation and arbitration matters in the year ☒There are no significant litigation and arbitration matters in the year

X. Listed companies and their Directors, supervisors, senior executives, controlling shareholders, and de facto controllers suspected of violating laws and regulations, punishments and rectifications

☐Applicable ☒Not Applicable

XI. Explanation on the integrity status of the Company and its controlling shareholders and de facto controllers during the reporting period

☐Applicable ☒Not Applicable

XII. Significant Related Transactions**(I) Related transactions related to daily operations****1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation**

√Applicable □Not Applicable

Overview of matters	Query index
On April 25, 2024, the Nineteenth Meeting of the Third Session of the Board of Directors of the Company considered and passed the "Proposal on the Leasing of Properties from Related Parties and Connected Transactions", and agreed that the Company, in order to satisfy the needs of its daily production, would lease the industrial workshop of its affiliate company, Hangzhou Tonge Telecommunication & Electronics Co., Ltd. located at No. 157, Hongda Road, Xiaoshan Economic and Technological Development Zone, for a lease term of one year.	For detailed information, please refer to the "Announcement of Zhejiang Hangke Technology Incorporated Company on the Leasing of Properties from Related Parties and Connected Transactions" (Announcement No. 2024-003) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 26, 2024.

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

□Applicable √Not Applicable

3. Matters not disclosed in the interim announcement

□Applicable √Not Applicable

(II) Related transactions arising from the acquisition or disposal of assets or equity interests**1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

□Applicable √Not Applicable

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

□Applicable √Not Applicable

3. Matters not disclosed in the interim announcement

□Applicable √Not Applicable

4. Where performance covenants are involved, performance realization for the reporting period should be disclosed

□Applicable √Not Applicable

(III) Significant related transactions for joint outward investment**1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation**

□Applicable √Not Applicable

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

□Applicable √Not Applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☒Not Applicable

(IV) Related debt transactions

1. Matters that have been disclosed in an interim announcement and there is no progress or change in subsequent implementation

☐Applicable ☒Not Applicable

2. Matters that have been disclosed in an interim announcement but with subsequent progress or changes in implementation

☐Applicable ☒Not Applicable

3. Matters not disclosed in the interim announcement

☐Applicable ☒Not Applicable

(V) Financial operations between the Company and finance companies with which it has a relationship, and between the Company's holding finance companies and related parties

☐Applicable ☒Not Applicable

(VI) Others

☐Applicable ☒Not Applicable

XIII. Major Contracts and Their Performance

(I) Trusteeship, contractual and leasing matters

1. Trusteeship situation

☐Applicable ☒Not Applicable

2. Contractual situation

☐Applicable ☒Not Applicable

3. Leasing situation

☐Applicable ☒Not Applicable

(II) Guarantees

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Corporate External Guarantees (excluding guarantees to subsidiaries)														
Guaranteeing party	Relationship between the guaranteeing party and the listed company	Secured party	Amount of guarantee	Date of occurrence of guarantee (date of agreement)	Guarantee starting date	Guarantee maturity (of an investment bond)	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount overdue on guarantees	Counter-guarantees	Whether guarantee for related parties	Related parties relations
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)														
Total guarantee balance at the end of the reporting period (A) (excluding guarantees to subsidiaries)														
Guarantees by the Company and its subsidiaries to subsidiaries														
Guaranteeing party	Relationship between the guaranteeing party and the listed company	Secured party	Relationship between the secured party and the listed company	Amount of guarantee	Date of occurrence of guarantee (date of agreement)	Guarantee start date	Guarantee expiration date	Type of guarantee	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount overdue on guarantees	Existence of counter-guarantees		
Zhejiang Hangke Technology Incorporated Company	Corporate Headquarters	Hangke Electronics Trading Hong Kong Limited	Wholly owned subsidiary	4,750,838.46	2023/2/17	2023/2/17	2026/4/13	Joint Liability Guarantee	No	No	0	No		
Zhejiang Hangke Technology Incorporated Company	Corporate Headquarters	Hangke Electronics Trading Hong Kong Limited	Wholly owned subsidiary	4,820,898.18	2023/2/17	2023/2/17	2026/12/1	Joint Liability Guarantee	No	No	0	No		
Zhejiang Hangke Technology	Corporate Headquarters	Hangke Electronics Trading	Wholly owned subsidiary	2,556,950.53	2023/2/17	2023/2/17	2026/12/1	Joint Liability Guarantee	No	No	0	No		

Incorporated Company		Hong Kong Limited										
Total amount of guarantee incurred for subsidiaries during the reporting period					12,128,687.17							
Total balance of guarantees to subsidiaries at the end of the reporting period (B)					12,128,687.17							
Total corporate guarantees (including guarantees to subsidiaries)												
Total guarantees (A+B)					12,128,687.17							
Total guarantees as a percentage of the Company's net assets (%)					1.69							
Where:												
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)												
Amount of debt guaranteed, directly or indirectly, for secured objects with a gearing ratio exceeding 70% (D)					12,128,687.17							
Amount by which the total amount of guarantees exceeds the 50 percent portion of net assets (E)												
Total amount of the above three guarantees (C+D+E)					12,128,687.17							
Explanation of possible joint and several liability for outstanding guarantees					None							
Statement of guarantees					None							

(III) Entrusting others to manage cash assets**1. Entrusted financial management****(1) Overall entrusted financial management**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

typology	Source of funds	Amount incurred	Outstanding balance	Amounts overdue for recovery
Banking products	Self-owned funds	150,000,000.00		

Other situations

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Trustee	Types of entrusted finance	Amount of entrusted finance	Commencement date of entrustment	Entrusted finance termination date	Capital source	Capital investment field	Existence of restricted circumstances	Modalities for determining remuneration	Annualized earnings yield	Expected return (if any)	Actual gain or loss	Amounts outstanding	Amounts overdue for recovery	Whether or not statutory procedures have been followed	Whether there is any entrusted financial plan in the future	Amount of provision for impairment (if any)
Bank of China Xiaoshan Sub-branch	Structural deposits	100,000,000.00	20240105	20240411	Self-owned funds	Banks	No	Contract Agreement	3.15%	1.2% or 3.15%	837,123.29	0	0	Yes	No	
Bank of China Xiaoshan Sub-branch	Structural deposits	50,000,000.00	20240108	20240412	Self-owned funds	Banks	No	Contract Agreement	1.20%	1.2% or 3%	172,602.74	0	0	Yes	No	

(2) Individual entrusted financial management

☐Applicable ☒Not Applicable

Other situations

☐Applicable ☒Not Applicable

(3) Provision for impairment of entrusted finance management

☐Applicable ☒Not Applicable

2. Status of entrusted loans

(1) Overall situation of entrusted loans

☐Applicable ☒Not Applicable

Other situations

☐Applicable ☒Not Applicable

(2) Individual entrusted loans

☐Applicable ☒Not Applicable

Other situations

☐Applicable ☒Not Applicable

(3) Provision for impairment of entrusted loans

☐Applicable ☒Not Applicable

3. Other situations

☐Applicable ☒Not Applicable

(IV) Other major contracts

☐Applicable ☒Not Applicable

XIV. Note on the Utilization Progress of Funds Raised

√Applicable □Not Applicable

(I) Overall utilization of funds raised

√Applicable □Not Applicable

Unit: Yuan

Source of funds raised	Time of receiving funds raised	Total funds raised	Net funds raised after deducting issue expenses (1)	Total committed investment of funds raised indicated in the prospectus (2)	Total amount of over-raised funds (3) = (1) - (2)	Cumulative total amount of funds invested as of the end of the reporting period (4)	Of which: Cumulative total investment of over-raised funds at the end of the reporting period (5)	Cumulative investment ratio of funds raised at the end of the reporting period (%) (6)=(4)/(1)	Cumulative investment ratio of funds over-raised at the end of the reporting period (%) (7)=(5)/(3)	Amount invested during the year (8)	Percentage of investment amount in the current year (%) (9) = (8)/(1)	Total amount of funds raised with changed use purposes
Initial Public Offering	July 9, 2019	1,124,630,000.00	1,019,924,245.28	546,860,000.00	473,064,245.28	1,044,791,651.23	562,715,088.03	102.44	118.95	70,262,658.85	6.89	
Other	February 22, 2023	1,188,470,380.73	1,172,821,592.39	1,172,821,592.39		515,311,377.35		43.94		69,450,000.00	5.92	
Total	/	2,313,100,380.73	2,192,745,837.67	1,719,681,592.39	473,064,245.28	1,560,103,028.58	562,715,088.03	/	/	139,712,658.85	/	

Other situations

√Applicable □Not Applicable

In 2024, GDR raised funds had an interest income of USD 621,509.70 and RMB 9,644,577.56, incurred service charges of USD185.30, purchased large fixed deposits and seven-day notice deposits with a net expenditure of RMB 622,960,000.00, and spent RMB 69,450,000.00 to expand the production capacity of lithium-ion battery post-treatment systems. As of December 31, 2024, the balance of the raised funds in USD account was USD 13,350,263.80, and the balance of the RMB account (including fixed deposits and seven-day notice deposits) was 630,829,479.24 yuan.

(II) Fundraising project details

√Applicable □Not Applicable

1. Details of the use of funds raised

√Applicable □Not Applicable

Unit: 10,000 Yuan

Fundraising sources	Project Name	Nature of the project	Whether a committed investment project in the prospectus?	Whether it involves a change of direction?	Total planned investment amount of fund raised (1)	Amount invested during the year	Cumulative total amount of funds raised as of the end of the reporting period (2)	Cumulative investment ratio as of the end of the reporting period (%) (3)=(2)/(1)	Date when the project reaches the predetermined usable state	Completed or not	Does the investment progress complies with the planned progress?	Specific reasons for not meeting the planned progress of investment	Achievements realized during the year	Achievements or R&D results achieved by the project	Is there any significant change in the feasibility of the project, if yes, please specify.	Surplus amount
Initial Public Offering	Expansion Project of Intelligent Production Line for Lithium Ion Batteries	Production and construction	Yes	No	42,646.00	/	37,618.13	88.21	2020/12/31	Yes	Yes	Not applicable	18,404.85	Not applicable	No	5,027.87
Initial Public Offering	R&D Center Construction Project	Research and development	Yes	No	12,040.00	/	10,589.52	87.95	2021/12/31	Yes	Not applicable	Not applicable	Not applicable	Not applicable	No	1,450.48
Initial Public Offering	Overraised funds and surplus raised funds permanently supplementing the working capital	Supplementing the working capital and repaying loans	No	No	47,306.42	7,026.27	56,271.51	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	No	/
Total	/	/	/	/	101,992.42	7,026.27	104,479.16	/	/	/	/	/	18,404.85	/	/	6,478.35

2. Utilization of over-raised funds

√Applicable □Not Applicable

Unit: Yuan

Use purpose	Nature	Total amount of over-raised funds to be invested (1)	Cumulative amount of over-raised funds invested as of the end of the reporting period (2)	Ratio of cumulative investments of over-raised funds as of the end of the reporting period (%) (3) = (2)/(1)	Remarks
Permanent supplementing of working capital	Supplementing working capital and repaying loans	47,306.42	56,271.51	118.95	Excess parts are mainly interest income.
Total	/	47,306.42	56,271.51	118.95	/

Other notes

On October 28, 2019, the Company held the Ninth Meeting of the Second Session of the Board of Directors and the Seventh Meeting of the Second Session of the Board of Supervisors, and considered and passed the "Proposal on the Use of Over-raised Funds to Permanently Supplement Working Capital", and agreed that the Company would use part of the over-raised funds amounting to RMB140,000,000 to permanently supplementing working capital, that the use of the over-raised funds for permanently supplementing working capital would not affect the fund-raising needs for construction of investment projects, and that the Company would not make high-risk investment or provide financial assistance to others within 12 months after the replenishment of working capital. The independent directors of the Company have expressed their agreement in independent opinions, and Guosen Securities Co., Ltd, the sponsor of the Company, has issued a clear verification opinion on this matter. The matter has been considered and approved by the 2019 Third Extraordinary Meeting of Shareholders of the Company held on November 14, 2019, details of which can be found in the "Announcement of Zhejiang Hangke Technology Incorporated Company on the Use of Part of Over-raised Funds to Permanently Supplement Working Capital" (Announcement No.: 2019-003) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 29, 2019.

On January 18, 2021, the Company held the Fifteenth Meeting of the Second Session of the Board of Directors and the Twelfth Meeting of the Second Session of the Board of Supervisors, and considered and passed the "Proposal on the Use of Over-raised Funds to Permanently Supplement Working Capital", and agreed that the Company would use part of the over-raised funds amounting to RMB140,000,000 to permanently supplementing working capital, that the use of the over-raised funds for permanently supplementing working capital would not affect the fund-raising needs for construction of investment projects, and that the Company would not make high-risk investment or provide financial assistance to others within 12 months after the replenishment of working capital. The independent directors of the Company have expressed their agreement in independent opinions, and Guosen Securities Co., Ltd, the sponsor of the Company, has issued a clear verification opinion on this matter. The matter has been considered and approved by the 2021 First Extraordinary Meeting of Shareholders of the Company held on February 3, 2021, details of which can be found in the "Announcement of Zhejiang Hangke Technology Incorporated Company on the Use of Part of Over-raised Funds to Permanently Supplement Working Capital" (Announcement No.: 2021-002) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on January 19, 2021.

On April 6, 2022, the Company held the Third Meeting of the Third Session of the Board of Directors and the Third Meeting of the Third Session of the Board of Supervisors, and considered and passed the "Proposal on the Use of Over-raised Funds to Permanently Supplement Working Capital", and agreed that the Company would use part of the over-raised funds amounting RMB140,000,000.00 to permanently supplement the working capital, that the use of the over-raised funds for permanently supplementing working capital would not affect the fund-raising needs for construction of investment projects, and that the Company would not make high-risk investment or provide financial assistance to others within 12 months after the replenishment of working capital. The independent directors of the

Company have expressed their agreement in independent opinions, and Guosen Securities Co., Ltd, the sponsor of the Company, has issued a clear verification opinion on this matter. This matter has been considered and approved by the 2022 Second Extraordinary Meeting of Shareholders of the Company held on April 22, 2022, details of which can be found in the "Announcement of Zhejiang Hangke Technology Incorporated Company on the Use of Part of Over-raised Funds to Permanently Supplement Working Capital" (Announcement No.: 2022-020) published by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 7, 2022.

On April 25, 2024, the Company held the Nineteenth Meeting of the Third Session of the Board of Directors and the Sixteenth Meeting of the Third Session of the Board of Supervisors, and considered and passed the "Proposal on the Company's Use of the Remaining Over-raised Funds from the Initial Public Offering to Permanently Supplement Working Capital of the Company", and agreed that the Company would use the remaining over-raised funds from the initial public offering amounting to RMB69,936,400 (the amount as at the end of 2023, including the interest income, and the actual amount shall be subject to the remaining amount after calculating the interest income on the date of fund transfer) to permanently supplement the working capital. This amount accounted for 14.78% of the total over-raised funds of RMB473,064,200 in the IPO, and after the use of the remaining over-raised funds in the IPO to permanently replenish the working capital, the balance of the Company's IPO over-raised funds account will be RMB0. This matter has been considered and approved by the 2023 Annual General Meeting of Shareholders held on May 17, 2024, and the Company has permanently supplemented the working capital with the remaining over-raised fund on May 21, 2024, and canceled the special account for the relevant initial public offering fundraising on June 17, 2024 in accordance with regulations. For details, please refer to the "Announcement of Zhejiang Hangke Technology Incorporated Company on the Use of the Remaining Over-raised Funds from the Initial Public Offering to Permanently Supplement Working Capital (Announcement No. 2024-006) published on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 26, 2024.

As of December 31, 2024, all fundraising accounts for the Company's initial public offering have been closed.

(III) Changes or termination of fund-raising during the reporting period

☐Applicable ☒Not Applicable

(IV) Other use of funds raised during the reporting period

1. Prior investment and replacement of fund-raising investment projects

☐Applicable ☒Not Applicable

2. Temporary replenishment of working capital with idle funds raised

☐Applicable ☒Not Applicable

3. Cash management of idle funds raised and investment in related products

☐Applicable ☒Not Applicable

4. Others

☐Applicable ☒Not Applicable

XV. Explanations on Other Major Events That Have a Significant Impact on Investors' Value Judgments and Investment Decisions

☐Applicable ☒Not Applicable

Section VII Changes in Shares and Shareholders

I. Changes in Share Capital

(I) Changes in Shares

1. Changes in Shares

During the reporting period, the total number of shares and share capital structure of the Company remained unchanged.

2. Statement of changes in shares

☐Applicable ☒Not Applicable

3. Effect of share changes on financial indicators such as earnings per share and net assets per share for the most recent year and period (if any)

☐Applicable ☒Not Applicable

4. Other disclosures deemed necessary by the Company or required by securities regulators

☐Applicable ☒Not Applicable

(II) Changes in restricted shares

☐Applicable ☒Not Applicable

II. Issuance and Listing of Securities

(I) Issuance of securities as of the reporting period

☐Applicable ☒Not Applicable

Explanation of securities issuance as of the reporting period (for bonds with different interest rates during the duration, please explain separately):

☐Applicable ☒Not Applicable

(II) Changes in the total number of shares and shareholder structure of the Company and changes in the Company's asset and liability structure

☐Applicable ☒Not Applicable

III. Shareholders and de facto controllers

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the reporting period	13,194
Total number of ordinary shareholders at the end of the previous month before the annual report disclosure date	13,334
Total number of preferred shareholders with voting rights restored as of the end of the reporting period	0
Total number of preferred shareholders with voting rights restored at the end of the previous month before the annual report disclosure date	0
Total number of shareholders holding special voting shares as of the end of the reporting period	0
Total number of shareholders holding special voting shares at the end of the previous month before the annual report disclosure date	0

Number of Depositary Receipt Holders

☐Applicable ☒Not Applicable

Remarks: As of the closing time of the Swiss Stock Exchange on December 30, 2024 (Swiss time), the Company has 6 GDRs (Global Depositary Receipts) in existence, held by Citibank and the National Association as nominal holders, holding a total of 14 shares of the Company's basic A-shares.

(II) Shareholdings of the top ten shareholders and the top ten outstanding shareholders (or shareholders with unlimited rights to sell) as of the end of the reporting period

Unit: shares

Shareholdings of the top ten shareholders (excluding shares lent through the transfer facility)								
Name of shareholder (full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)	Number of shares held under limited selling conditions	Number of shares with limited selling conditions, including shares lent through the transfer facility	Pledged, marked or frozen		Shareholder nature
						Share status	Quantit y	
Cao Ji	0	262,663,234	43.51	0	262,663,234	None	0	Domestic natural person
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	0	134,975,968	22.36	0	134,975,968	None	0	Domestic non-state legal person
Bank of Communications Co., Ltd.- HSBC Jinxin Low Carbon Pioneer Equity Securities Investment Fund	577,711	11,763,036	1.95	0	11,763,036	None	0	Other
Bank of Communications - HSBC Jinxin Dynamic Strategy Mixed Securities Investment Fund	481,530	6,731,928	1.12	0	6,731,928	None	0	Other
National Social Security Fund 413 Portfolio	5,070,000	5,070,000	0.84	0	5,070,000	None	0	Other
Bank of Communications Co., Ltd.- HSBC Jinxin Core Growth Mixed Securities Investment Fund	541,453	4,610,449	0.76	0	4,610,449	None	0	Other
Hong Kong Securities Clearing Company Limited	-7,565,771	4,488,670	0.74	0	4,488,670	None	0	Other
Bank of Communications Co., Ltd - HSBC Jinxin Intelligent Manufacturing Pioneer Equity Securities Investment Fund	1,000,951	4,103,625	0.68	0	4,103,625	None	0	Other
Cao Guanqun	0	3,509,376	0.58	0	3,509,376	None	0	Domestic natural person
Sang Hongyu	0	3,340,656	0.55	0	3,340,656	None	0	Domestic natural person

Shares held by top ten shareholders with unlimited selling conditions			
Name of Shareholder	Number of shares held in circulation with unlimited selling conditions	Type and number of shares	
		Type	Quantity
Cao Ji	262,663,234	Renminbi ordinary shares	262,663,234
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	134,975,968	Renminbi ordinary shares	134,975,968
Bank of Communications Co., Ltd.- HSBC Jinxin Low Carbon Pioneer Equity Securities Investment Fund	11,763,036	Renminbi ordinary shares	11,763,036
Bank of Communications - HSBC Jinxin Dynamic Strategy Mixed Securities Investment Fund	6,731,928	Renminbi ordinary shares	6,731,928
National Social Security Fund 413 Portfolio	5,070,000	Renminbi ordinary shares	5,070,000
Bank of Communications Co., Ltd.- HSBC Jinxin Core Growth Mixed Securities Investment Fund	4,610,449	Renminbi ordinary shares	4,610,449
Hong Kong Securities Clearing Company Limited	4,488,670	Renminbi ordinary shares	4,488,670
Bank of Communications Co., Ltd - HSBC Jinxin Intelligent Manufacturing Pioneer Equity Securities Investment Fund	4,103,625	Renminbi ordinary shares	4,103,625
Cao Guanqun	3,509,376	Renminbi ordinary shares	3,509,376
Sang Hongyu	3,340,656	Renminbi ordinary shares	3,340,656
Description of buyback special accounts among the top ten shareholders	Not applicable		
Explanation of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	None		
Description of the above shareholders' affiliation or concerted action	Among the above shareholders, Cao Ji is the controlling shareholder and de facto controller of the Company. Hangke Group is an employee shareholding platform controlled by Cao Ji, and Cao Ji and Cao Guanqun are shareholders of Hangke Group. Cao Ji and Cao Guanqun are brothers. Apart from the above, the Company does not know whether the other shareholders mentioned above are related or acting in concert.		
Description of preferred shareholders whose voting rights have been restored and the number of shares they hold	Not applicable		

Participation of shareholders holding more than 5% of the shares, top ten shareholders, and top ten shareholders with unlimited tradable shares in the lending of shares through transfer facility business

☐Applicable ☒Not Applicable

Changes in the top ten shareholders and the top ten shareholders with unrestricted tradable shares due to transfer facility lending/repayment reasons compared to the previous period

☐Applicable ☒Not Applicable

Number of shares held by the top ten shareholders with limited selling conditions of sales restrictions

☐Applicable ☒Not Applicable

Top ten holders of domestic depositary receipts of the Company as at the end of the reporting period

☐Applicable ☒Not Applicable

Participation of depositary receipt holders holding more than 5% of the shares, top ten depositary receipt holders, and top ten holders of unrestricted depositary receipts in the lending of shares through transfer facility business

☐Applicable ☒Not Applicable

Changes in the top ten holders of depositary receipts and the top ten holders of unrestricted depositary receipts due to transfer facility lending/returning reasons compared to the previous period

☐Applicable ☒Not Applicable

Number of holdings of the top ten holders of restricted depositary receipts and conditions of restriction of sales

☐Applicable ☒Not Applicable

(III) Top ten shareholders in terms of number of voting rights as at the end of the reporting period

☐Applicable ☒Not Applicable

(IV) Strategic investors or general corporations become top ten shareholders as a result of the placement of new shares / depositary receipts

☐Applicable ☒Not Applicable

(V) Initial public offering strategic placement**1. Establishment of special asset management plans by senior management and core employees to participate in the initial public offering strategic placement holdings**

☐Applicable ☒Not Applicable

2. Participation of relevant subsidiaries of the sponsor in the strategic placement of shares in the initial public offering

☐Applicable ☒Not Applicable

IV. Controlling Shareholders and De facto Controllers**(I) Controlling shareholders****1 Legal person**

☐Applicable ☒Not Applicable

2 Natural person

☒Applicable ☐Not Applicable

Name	Cao Ji
Country of Citizenship	Chinese
Whether or not have acquired the right of abode in other countries or regions	No
Main occupations and positions	Mr. Cao Ji is currently the director of the management office of the Company.

3 Special note on the absence of controlling shareholders in the Company

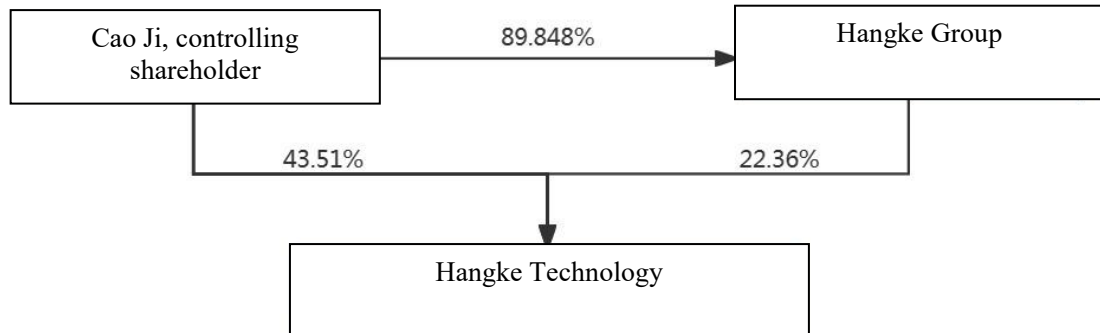
☐Applicable ☒Not Applicable

4 Explanation of changes in controlling shareholders during the reporting period

☐Applicable ☒Not Applicable

5 Block diagram of the ownership and control relationship between the Company and its controlling shareholders

√Applicable □Not Applicable

**(II) Situation of de facto controllers****1 Legal person**

□Applicable √Not Applicable

2 Natural person

√Applicable □Not Applicable

Name	Cao Ji
Country of Citizenship	Chinese
Whether or not have acquired the right of abode in other countries or regions	No
Main occupations and positions	Mr. Cao Ji is currently the director of the management office of the Company.
Domestic and foreign listed companies that have been controlled by this person in the past 10 years	None
Name	Cao Zheng
Country of Citizenship	Chinese
Whether or not have acquired the right of abode in other countries or regions	Yes
Main occupations and positions	Mr. Cao Zheng is currently the Head of Overseas Trade Department of the Company.
Domestic and foreign listed companies that have been controlled by this person in the past 10 years	None

3 Special note on the absence of de facto controller of the Company

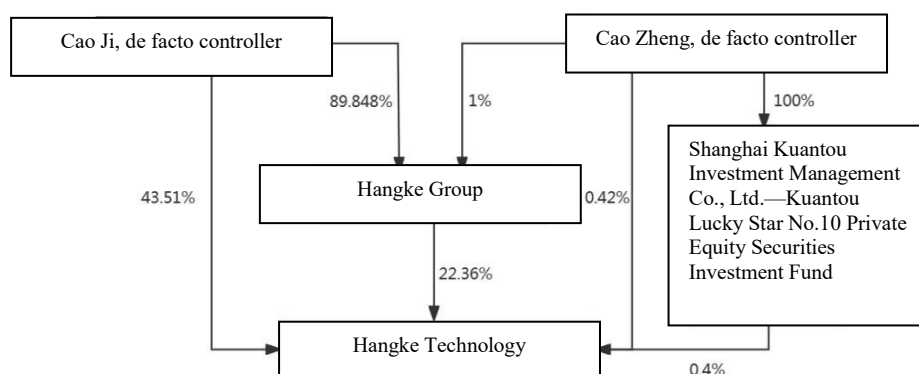
□Applicable √Not Applicable

4 Explanation of changes in control of the Company during the reporting period

□Applicable √Not Applicable

5 Block diagram of the ownership and control relationship between the Company and the beneficial owners

√Applicable □Not Applicable



6 Control of companies by beneficial owners through trusts or other asset management methods

☐Applicable ☒Not Applicable

(III) Other information on controlling shareholders and de facto controllers

☐Applicable ☒Not Applicable

V. The number of shares pledged by the controlling shareholder or the first largest shareholder of the Company and its concert parties accounts for more than 80% of the number of shares held by them.

☐Applicable ☒Not Applicable

VI. Other Corporate Shareholders Holding Ten Percent or More of the Shares

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of corporate shareholders	Head or legal representative	Date of Establishment	Organization code	Registered capital	Main business operations or management activities, etc.
Hangzhou Hangke Intelligent Equipment Group Co., Ltd.	Cao Ji	August 15, 2011	913301095802709897	5,000,000	General items: Technical services, technology development, technology consulting, technology exchanges, technology transfer, and technology promotion (except for items that require approval according to law, business activities can be conducted independently as per business license in accordance with the law).
Information note	None				

VII. Statement of Restrictions on Reduction of Shares/Depository Receipts

☐Applicable ☒Not Applicable

VIII. Specific implementation of share buybacks during the reporting period

☐Applicable ☒Not Applicable

Section VIII Preferred Stock Related Information

☐Applicable ☒Not Applicable

Section IX Bond Related Information

I. Corporate bonds and debt financing instruments for non-financial enterprises

☐Applicable ☒Not Applicable

II. Convertible bonds

☐Applicable ☒Not Applicable

Section X Financial Report

I. Audit report

☒Applicable ☐Not Applicable

All shareholders of Zhejiang Hangke Technology Incorporated Company, Ltd.:

1. Audit Opinion

We have audited the financial statements of Zhejiang Hangke Technology Incorporated Company, Ltd. (hereinafter referred to as Hangke Technology Company), including the consolidated and parent balance sheets as of December 31, 2024, the consolidated and parent income statement for 2024, the consolidated and parent cash flow statement, consolidated and statement of changes in owner's equity of the parent company, and notes to relevant financial statements.

In our opinion, the attached financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects, and fairly reflect the consolidated and parent company financial status of Hangke Technology Company on December 31, 2024, as well as the consolidated and parent operating results and cash flows for 2024.

2. The Basis for Forming the Audit Opinion

We have carried out the audit work in accordance with the provisions of the auditing standards for Chinese certified public accountants. Our responsibilities under these standards are further described in the CPA's Responsibilities for the Audit of the Financial Statements section of the auditor's report. In accordance with the Code of Professional Ethics for Chinese Certified Public Accountants, we are independent from Hangke Technology and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, providing a basis for issuing an audit opinion.

3. Key Audit Matters

Key audit matters are matters that we consider to be the most important in the audit of the financial statements of the current period based on our professional judgment. The response to these matters is based on the audit of the financial statements as a whole and the formation of audit opinions. We do not express opinions on these matters separately.

(I) Revenue recognition

1. Description

For details of relevant information disclosure, please refer to Notes III (XXII) and V (II) 1 to the

financial statements.

The operating income of Hangke Technology Company in 2024 was 2,981,154,400 yuan, decreased by 24.18% compared with FY2023. The main income of Hangke Technology is the sales income of lithium-ion battery charging and discharging equipment. Due to the significant impact of operating income on the financial statements and the inherent risk that the management of Hangke Technology (hereinafter referred to as the management) manipulates the timing of revenue recognition to achieve specific goals or expectations, we identified revenue recognition as a key audit matter.

2. Audit response

For revenue recognition, our audit procedures mainly include:

(1) Understand the key internal controls related to revenue recognition, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of relevant internal controls;

(2) Understand the revenue recognition policy of Hangke Technology, and check whether the revenue recognition conditions and methods comply with the provisions of the accounting standards for enterprises in combination with the actual operating conditions and relevant transaction contract terms;

(3) Analyze the income and gross profit in combination with the product type, judge whether there is any abnormal fluctuation in the amount of income in the current period, and find out the reason for the fluctuation;

(4) Inspect supporting documents related to revenue recognition in way of sampling specific items, including sales contracts, orders, sales invoices, export declarations, delivery notes, self pickup receipt and customer acceptance documents etc.;

(5) Carry out letter confirmation procedures to key customers, inquire about the sales amount that occurred in the current period, the balance of current payments, and the time of contract acceptance, and confirm the authenticity and completeness of business income ;

(6) Interview important customers and ask them about the acceptance and operation of equipment purchased from Hangke Technology;

(7) Carry out a cut-off test for the sales revenue confirmed before and after the balance sheet date, check the terms of the sales contract, check the relevant time nodes from the delivery of the finished product to the customer's acceptance, and judge whether the income is calculated based on the acceptance report and the time of receipt of the acceptance payment into the correct accounting period;

(8) Check that information related to revenue is properly presented in the financial statements.

(II) Impairment of Accounts Receivable and contract assets

1. Description

See Notes III (XI), III (XXIV) and V (I) 4, 9, 17 to the financial statements for details of relevant information disclosure.

As of December 31, 2024, the total book balance of accounts receivable and contract assets (including contract assets in other non-current assets, the same below) of Hangke Technology was 2,648.1861 million yuan. Provisions for bad debts and contractual asset impairment totaled 566.0713 million yuan, with a total book value of 2,082.1148 million yuan, accounting for 21.31% of the total assets in the consolidated financial statements. Due to the large amount of accounts receivable and contract assets, and the impairment of accounts receivable and contract assets involves major management judgments, we identified the impairment of accounts receivable and contract assets as key audit matters.

2. Audit response

For the impairment of Accounts Receivable and contract assets, our audit procedures mainly include:

(1) Understand the key internal controls related to the impairment of Accounts Receivable and contract assets, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of relevant internal controls;

(2) Review the management's relevant considerations and objective evidence of the credit risk assessment of accounts receivable and contract assets, and evaluate whether the management has properly identified the credit risk characteristics of various accounts receivable and contract assets;

(3) For accounts receivable and contract assets that measure expected credit losses on a single-item basis, review the management's forecast of expected cash flows, evaluate the appropriateness of significant assumptions used in the forecast, as well as the appropriateness, relevance, and reliability of the data, and check against external evidence obtained;

(4) For accounts receivable and contract assets that measure expected credit losses on a portfolio

basis, evaluate the rationality of the management's division of portfolios based on credit risk characteristics, evaluate the rationality of the expected credit loss rate of accounts receivable and contract assets determined by the management, including the appropriateness of the significant assumptions used and the appropriateness, relevance, and reliability of the data; Test whether the management's calculation of bad debt provision and impairment provision is accurate;

(5) Check the actual write off or recovery of accounts receivable for which bad debt provisions have been made in previous years, and evaluate the accuracy of management's past forecasts;

(6) Check the accounts receivable, contract asset confirmation, and post-dated payment status, and evaluate the rationality of the management's provision for bad debt and provision for impairment;

(7) Check whether the information related to accounts receivable and impairment of contract assets has been properly presented in the financial statements.

(III) Net realizable value of inventories

1. Description

Please refer to notes III (XII) and V (I) 8 to the financial statements for relevant information disclosure.

As of December 31, 2024, the book balance of Hangke Technology's inventory was 3,014.2115 million yuan, the provision for price depreciation was 101.0985 million yuan, and the book value was 2,913.1129 million yuan, accounting for 29.82% of the total assets in the consolidated financial statements. Due to the large amount of inventory and the determination of the net realizable value of the inventory involves major management judgments, we determined the net realizable value of the inventory as a key audit matter.

2. Audit response

For the net realizable value of inventories, our audit procedures mainly include:

(1) Understand the key internal controls related to the net realizable value of inventories, evaluate the design of these controls, determine whether they are implemented, and test the operational effectiveness of relevant internal controls;

(2) Review the results of the management's estimation of the net realizable value of inventory in previous years or the management's subsequent re-estimation of it;

(3) Obtain and evaluate the management's method and relevant assumptions for the provision for inventory depreciation, and consider the possible impact of the future selling price, estimated reusable value, further processing costs, transportation costs and sales taxes of Hangke Technology's inventory on the provision for inventory depreciation;

(4) Obtain the end-of-period inventory aging list of the inventory, focus on the inventory with a longer inventory age, and judge whether there is a risk of impairment in the inventory with a longer inventory age based on the implementation of the sales contract;

(5) Based on inventory monitoring, identify whether there are situations such as long inventory age, damage, abnormal customer operations, or project stagnation, and evaluate the reasonableness of the management's estimation of the net realizable value of inventory;

(6) Check whether the information related to the provision for inventory depreciation has been properly presented in the financial statements.

IV. Other Information

The management is responsible for the other information. Other information includes information covered in the annual report, but does not include the financial statements and our auditor's report.

Our audit opinion on the financial statements does not cover the other information, nor do we express any form of verification conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit or appears to be materially misstated.

If, based on the work we have performed, we determine that there is a material misstatement of the other information, we shall report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Governance for the Financial Statements

The management is responsible for preparing the financial statements in accordance with the

provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatements due to fraud or error.

When preparing the financial statements, the management is responsible for assessing Hangke Technology's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless there is a plan to liquidate, terminate operations or have no other realistic choose.

The governance of Hangke Technology (hereinafter referred to as the "governance") is responsible for supervising the financial reporting process of Hangke Technology.

VI. Responsibilities of Certified Public Accountants for the Audit of the Financial Statements

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements, which may result from fraud or error, are generally considered material if they, individually or in the aggregate, could reasonably be expected to affect the economic decisions that users of financial statements make based on the financial statements .

In the process of performing audit work in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following tasks:

(1) Identify and assess the risks of material misstatement of financial statements due to fraud or errors, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Because fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls, the risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error.

(2) Understand the internal controls related to auditing in order to design appropriate auditing procedures.

(3) Evaluate the appropriateness of accounting policies selected by the management and the rationality of accounting estimates and related disclosures.

(4) Draw conclusions on the appropriateness of the management's use of the going concern assumption. At the same time, based on the audit evidence obtained, a conclusion is drawn on whether there are major uncertainties in matters or circumstances that may cause major doubts about Hangke Technology's ability to continue operating. If we conclude that there is a material uncertainty, the auditing standards require us to draw the report users' attention to the relevant disclosures in the financial statements in the audit report; if the disclosure is insufficient, we should issue a non-unqualified opinion. Our conclusions are based on the information available up to the date of the audit report. However, future events or conditions may cause Hangke Technology to cease to operate as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and evaluate whether the financial statements fairly reflect relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in Hangke Technology to express audit opinions on the financial statements. We are responsible for the direction, supervision and performance of the group audit and accept full responsibility for the audit opinion.

We communicate with the governance about the planned audit scope, timing, and significant audit findings, including internal control deficiencies of concern that we have identified during the audit.

We also provide the governance with a statement that we have complied with ethical requirements related to our independence and communicate with the governance about all relationships and other matters that may reasonably be considered to affect our independence, as well as relevant precautions, if applicable.

From the matters communicated with the governance, we determine which matters are the most important for the audit of the current financial statements and therefore constitute the key audit matters. We describe these matters in our audit reports unless the public disclosure of such matters is prohibited by law or regulation or, in rare circumstances, we determine that we should not communicate a matter in our audit report if the negative consequences of communicating the matter in our audit report can

reasonably be expected to outweigh the benefit in the public interest.

Pan-China Certified Public Accountants (Special General Partnership) Chinese Certified Public Accountants: (Project Partner)

China Hangzhou

Chinese Certified Public Accountants:

April 28, 2025

II. Financial Statements

Consolidated Balance Sheets

December 31, 2024

Prepared by: Zhejiang Hangke Technology Incorporated Company

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
Current assets:			
Monetary funds	VII.1	3,071,813,662.90	3,263,149,304.07
Settlement provisions			
Loan out funds			
Financial assets held for trading	VII.2	3,318,338.14	5,925,509.48
Derivative financial assets			
Notes receivable	VII.4	74,768,516.00	90,155,576.33
Accounts receivable	VII.5	1,814,808,970.22	1,902,796,347.12
Receivables financing	VII.7	16,649,074.05	18,205,751.49
Prepayments	VII.8	37,550,117.90	42,841,452.58
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			
Other receivables	VII.9	28,593,110.97	40,784,568.93
Where: interest receivable			
dividend receivable			
Financial assets purchased under agreements to resell			
Inventory	VII.10	2,913,112,944.10	2,901,476,917.36
Of which: data resources			
Contract assets	VII.6	215,231,131.71	341,031,109.41
Assets held for sale			
Non-current assets due within one year			
Other current assets	VII.13	5,920,050.57	10,470,636.02
Total Current Assets		8,181,765,916.56	8,616,837,172.79
Non-current assets:			
Loans and advances issued			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment			
Investment in other equity instruments			

Other non-current financial assets			
Investment property			
Fixed assets	VII.21	1,168,467,242.98	1,264,096,156.79
Construction in progress	VII.22	59,296,921.42	
Productive biological assets			
Oil and gas assets			
Right-of-use asset	VII.25	351,259.28	2,214,093.56
Intangible assets	VII.26	197,060,570.91	184,872,136.46
Of which: data resources			
Development expenditure			
Of which: data resources			
Goodwill			
Long-term prepaid expenses	VII.28	7,952,097.02	11,181,004.43
Deferred income tax assets	VII.29	100,807,940.15	78,015,221.68
Other non-current assets	VII.30	53,773,626.28	67,542,715.14
Total non-current assets		1,587,709,658.04	1,607,921,328.06
Total assets		9,769,475,574.60	10,224,758,500.85
Current liabilities:			
Short term loans	VII.32	7,460,020.44	14,516,000.00
Borrowing from the central bank			
Borrowing funds			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	VII.35	871,912,290.66	1,015,562,136.25
Accounts payable	VII.36	1,077,903,223.20	1,562,586,492.08
Advance payment	VII.37	584,600.00	560,000.00
Contract liabilities	VII.38	2,441,110,317.38	2,239,109,626.13
Financial assets sold under buyback agreements			
Deposit-taking and inter-bank deposits			
Brokerage for buying and selling securities			
Agency underwriting securities payment			
Employee remuneration payable	VII.39	31,722,475.94	34,353,950.98
Taxes payable	VII.40	35,922,939.17	86,784,440.43
Other payable	VII.41	9,963,259.86	8,469,552.89
Where: interest payable			
Dividends payable			
Fees and commissions			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	VII.43		2,028,014.09
Other current liabilities	VII.44	88,187,086.64	117,860,346.15
Total current liabilities		4,564,766,213.29	5,081,830,559.00
Non-current liabilities:			
Insurance contract reserve			
Long term loans			
Bonds payable			
Where: preferred shares			
Perpetual bonds			
Lease liability	VII.47		

Long-term payable			
Long-term salary payable			
Estimated liabilities			
Deferred income	VII.51	39,911,270.42	23,863,491.77
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		39,911,270.42	23,863,491.77
Total Liabilities		4,604,677,483.71	5,105,694,050.77
Owner's Equity (or Shareholders' Equity):			
Paid-in capital (or share capital)	VII.53	603,672,152.00	603,672,152.00
Other Equity Instruments			
Where: preferred shares			
Perpetual bonds			
Capital reserve	VII.55	2,353,714,511.15	2,359,829,993.27
Less: treasury stock			
Other comprehensive income	VII.57	4,530,095.90	7,227,980.88
Special reserves	VII.58	70,769.06	207,647.09
Surplus reserve	VII.59	301,836,076.00	271,191,623.48
General risk preparation			
Undistributed profit	VII.60	1,900,974,486.78	1,876,935,053.36
Total owner's equity (or shareholders' equity) attributable to the parent Company		5,164,798,090.89	5,119,064,450.08
Minority interests			
Total Owner's Equity (or Shareholders' Equity)		5,164,798,090.89	5,119,064,450.08
Total Liabilities and Owner's Equity (or Shareholders' Equity)		9,769,475,574.60	10,224,758,500.85

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Balance Sheet of the Parent Company

December 31, 2024

Prepared by: Zhejiang Hangke Technology Incorporated Company

Unit: Yuan Currency: RMB

Item	Note	December 31, 2024	December 31, 2023
Current assets:			
Monetary funds		2,267,062,205.78	2,663,712,048.69
Financial assets held for trading		3,318,338.14	5,925,509.48
Derivative financial assets			
Notes receivable		74,768,516.00	90,155,576.33
Accounts receivable	XIX.1	1,821,844,369.16	2,011,874,179.81
Receivables financing		16,649,074.05	18,205,751.49
Prepayments		36,702,990.72	39,559,933.04
Other receivables	XIX.2	60,647,598.28	102,004,409.49
Where: interest receivable			
dividend receivable			
Inventory		2,681,383,153.56	2,806,824,824.70
Of which: data resources			
Contract assets		211,507,189.74	365,187,676.55
Assets held for sale			
Non-current assets due within			

one year			
Other current assets		157,442.33	8,029,806.34
Total Current Assets		7,174,040,877.76	8,111,479,715.92
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	XIX.3	188,951,762.24	132,131,762.24
Investment in other equity instruments			
Other non-current financial assets			
Investment property			
Fixed assets		988,226,254.43	1,065,286,871.83
Construction in progress		59,296,921.42	
Productive biological assets			
Oil and gas assets			
Right of-use asset		351,259.28	2,214,093.56
Intangible assets		197,060,570.91	184,872,136.46
Of which: data resources			
Development expenditure			
Of which: data resources			
Goodwill			
Long-term prepaid expenses		3,703,411.87	7,290,595.64
Deferred tax assets		101,389,205.24	78,937,135.18
Other non-current assets		52,074,699.50	67,542,715.14
Total non-current assets		1,591,054,084.89	1,538,275,310.05
Total assets		8,765,094,962.65	9,649,755,025.97
Current liabilities:			
Short term loans		7,460,020.44	14,516,000.00
Trading financial liabilities			
Derivative financial liabilities			
Notes payable		871,912,290.66	1,015,562,136.25
Accounts payable		1,103,832,612.81	1,563,495,945.42
Advance payment		584,600.00	560,000.00
Contract liabilities		1,444,320,863.71	1,727,824,779.19
Employee remuneration payable		31,527,059.64	34,048,873.31
Taxes payable		34,377,652.60	82,880,643.82
Other payable		6,992,800.18	5,438,390.26
Where: interest payable			
dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			2,028,014.09
Other current liabilities		82,994,041.23	114,154,402.27
Total current liabilities		3,584,001,941.27	4,560,509,184.61
Non-current liabilities:			
Long term loans			
Bonds payable			
Where: preferred shares			
Perpetual bonds			
Lease liability			
Long-term payable			

Long-term salary payable			
Estimated liabilities			
Deferred income		39,911,270.42	23,863,491.77
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		39,911,270.42	23,863,491.77
Total Liabilities		3,623,913,211.69	4,584,372,676.38
Owner's Equity (or Shareholders' Equity):			
Paid-in capital (or share capital)		603,672,152.00	603,672,152.00
Other Equity Instruments			
Where: preferred shares			
Perpetual bonds			
Capital reserve		2,353,714,511.15	2,359,829,993.27
Less: treasury stock			
Other comprehensive income			
Special reserves		70,769.06	207,647.09
Surplus reserve		301,836,076.00	271,191,623.48
undistributed profit		1,881,888,242.75	1,830,480,933.75
Total Owner's Equity (or Shareholders' Equity)		5,141,181,750.96	5,065,382,349.59
Total Liabilities and Owner's Equity (or Shareholders' Equity)		8,765,094,962.65	9,649,755,025.97

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Income Statement

January-December 2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
I. Total operating income	VII.61	2,981,154,434.54	3,931,719,031.47
Where: operating income		2,981,154,434.54	3,931,719,031.47
Interest income			
Earned premium			
Fee and commission income			
II. Total operating cost	VII.61	2,519,522,799.21	2,861,591,049.80
Where: Operating costs		2,047,340,862.94	2,483,559,151.84
Interest expense			
Fees and commission expenses			
Surrender			
Net claim payout			
Withdrawal of net insurance liability reserves			
Dividend payment policy			
Reinsurance costs			
Taxes and surcharges	VII.62	36,344,112.68	36,645,090.09
Sales expenses	VII.63	69,640,839.76	86,847,193.46
Management costs	VII.64	193,119,311.09	169,164,040.99
R & D costs	VII.65	257,146,092.32	243,563,558.47
Financial expenses	VII.66	-84,068,419.58	-158,187,985.05
Where: interest expense		1,111,895.14	582,725.77
interest income		98,833,845.76	92,479,510.29

Add: other income	VII.67	51,249,600.43	121,310,244.30
Investment income (losses are listed with -)	VII.68	673,597.92	-5,030,500.89
Where: investment income from associates and joint ventures			
De-recognition income of financial assets measured at amortized cost			-131,234.45
Exchange gains (losses are listed with -)			
Net exposure hedging income (losses are listed with -)			
Gains from changes in fair value (losses are listed with -)	VII.70	-1,419,171.34	-2,545,185.28
Credit impairment losses (losses are listed with -)	VII.71	-125,920,220.17	-222,168,198.47
Asset impairment losses (losses are listed with -)	VII.72	-49,976,214.92	-52,699,448.38
Gains from asset disposal (losses are listed with -)	VII.73	23,185.30	670,184.65
III. Operating profit (losses are listed with -)		336,262,412.55	909,665,077.60
Add: non-operating income	VII.74	4,311,136.47	7,447,819.83
Less: Non-operating expenses	VII.75	3,095,832.43	6,131,169.21
IV. Total profit (Total loss is listed with -)		337,477,716.59	910,981,728.22
Deduct: income tax expense	VII.76	11,141,362.25	101,891,222.53
V. Net profit (net loss is listed with -)		326,336,354.34	809,090,505.69
(I) Classification by business continuity			
1. Net profit from continuing operations (net losses are listed with -)		326,336,354.34	809,090,505.69
2. Net profit from discontinued operations (net losses are listed with -)			
(II) Classification by ownership			
1. Net profit attributable to shareholders of the parent Company (net loss is listed with -)		326,336,354.34	809,090,505.69
2. Profit and loss of minority shareholders (net loss is listed with -)			
VI. Net after-tax amount of other comprehensive income	VII.77	-2,697,884.98	4,808,632.88
(I) After-tax net amount of other comprehensive income attributable to owners of the parent Company		-2,697,884.98	4,808,632.88
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Re-measurement of changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of other equity instrument investments			
(4) Changes in the fair value of the enterprise's own credit risk			

2. Other comprehensive income to be reclassified to profit or loss		-2,697,884.98	4,808,632.88
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Amount of reclassification of financial assets included in other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedging reserve			
(6) Translation differences of foreign currency financial statements		-2,697,884.98	4,808,632.88
(7) Others			
(II) Net after-tax amount of other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income		323,638,469.36	813,899,138.57
(I) Total comprehensive income attributable to owners of the parent Company		323,638,469.36	813,899,138.57
(II) Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)		0.54	1.35
(II) Diluted earnings per share (Yuan/share)		0.54	1.35

In the current period, if there is a business merger under the same control, the net profit realized by the merged party before the merger is: 0 Yuan, and the net profit realized by the merged party in the previous period is: 0 Yuan.

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Income Statement of the Parent Company

January-December 2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
I. Operating income	XIX.4	2,874,338,911.82	3,919,206,752.78
Less: operating costs	XIX.4	1,967,566,067.99	2,483,613,953.69
Taxes and surcharges		35,782,039.34	33,640,000.56
Sales expense		72,329,168.45	86,570,271.13
Management costs		160,098,747.07	147,919,397.36
R & D costs		257,146,092.32	243,563,558.47
Financial expenses		-54,970,878.40	-140,462,594.21
Where: interest expense		1,111,895.14	582,725.77
interest income		66,406,544.19	82,002,596.57
Add: other income		50,632,323.66	118,174,985.39
Investment income (losses are listed with -)	XIX.5	2,952,439.30	-2,189,394.54
Where: investment income from associates and joint ventures			
De-recognition income			-131,234.45

of financial assets measured at amortized cost			
Net exposure hedging income (losses are listed with -)			
Gains from changes in fair value (losses are listed with -)		-1,419,171.34	-2,545,185.28
Credit impairment losses (losses are listed with -)		-74,034,785.00	-237,795,435.73
Asset impairment losses (losses are listed with -)		-48,508,819.70	-53,970,846.65
Gains from asset disposal (losses are listed with -)		29,244.47	4,462,821.93
II. Operating profit (losses are listed with -)		366,038,906.44	890,499,110.90
Add: non-operating income		4,311,065.78	7,446,755.19
Less: Non-operating expenses		3,095,832.43	6,130,683.59
III. Total profit (Total loss is listed with -)		367,254,139.79	891,815,182.50
Deduct: income tax expense		13,549,909.87	97,457,476.52
VI. Net profit (net loss is listed with -)		353,704,229.92	794,357,705.98
(I) Net profit from continuing operations (net losses are listed with -)		353,704,229.92	794,357,705.98
(II) Net profit from discontinued operations (net losses are listed with -)			
V. Net after-tax amount of other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in the fair value of the enterprise's own credit risk			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. The amount of reclassification of financial assets included in other comprehensive income			
4. Other debt investment credit impairment provision			
5. Cash flow hedge reserves			
6. Foreign currency financial statement conversion differences			
7. Other			
VI. Total comprehensive income		353,704,229.92	794,357,705.98

VII. Earnings per share:			
(I) Basic earnings per share (Yuan/share)			
(II) Diluted earnings per share (Yuan/share)			

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Statement of Cash Flows
January-December 2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		3,286,660,374.33	4,422,964,222.52
Net increase in customer deposits and interbank deposits			
Net increase in central bank borrowing			
Net increase in borrowing funds from other financial institutions			
Cash received from the original insurance contract premium			
Net cash received from reinsurance business			
Net increase in policyholder deposits and investment funds			
Cash for interest, fees and commissions			
Net increase in borrowed funds			
Net increase in buyback business funds			
Net cash received by agents for buying and selling securities			
Tax refund		59,189,515.68	140,985,247.47
Cash received from other operating activities	VII.78	543,675,354.75	340,918,881.23
Subtotal of cash inflow from operating activities		3,889,525,244.76	4,904,868,351.22
Cash paid for goods purchased and services received		2,482,044,835.08	3,274,466,153.51
Net increase in loans and advances to customers			
Net increase in deposits with the central bank and interbank deposits			
Cash paid for compensation under the original insurance contract			
Net increase in lending funds			
Cash for payment of interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		535,172,739.86	572,008,449.65

Taxes paid		180,807,782.55	243,019,429.82
Other cash payments related to operating activities	VII.78	522,229,308.98	600,408,440.61
Subtotal of cash outflow from operating activities		3,720,254,666.47	4,689,902,473.59
Net cash flow from operating activities		169,270,578.29	214,965,877.63
II. Cash flows from investing activities:			
Return of cash received on investment	VII.78	152,952,929.50	272,439,369.87
Cash received from investment income			
Net cash received from disposal of Fixed Assets, Intangible Assets and other long-term assets		94,117.94	1,467,198.08
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		153,047,047.44	273,906,567.95
Cash paid for the purchase and construction of Fixed Assets, Intangible Assets and other long-term assets	VII.78	105,980,172.71	412,318,304.80
Cash Investment	VII.78	150,000,000.00	270,000,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		255,980,172.71	682,318,304.80
Net cash flows from investing activities		-102,933,125.27	-408,411,736.85
III. Cash flows from financing activities:			
Cash received from absorption of investments			1,195,315,292.39
Where: cash received by subsidiaries from investment from minority shareholders			
Get cash received from borrowing			
Cash received in connection with other financing activities	VII.78	48,680,470.26	14,481,760.28
Subtotal of cash inflows from financing activities		48,680,470.26	1,209,797,052.67
Cash to pay off debts			
Cash paid for distribution of dividends, profits, or interest payments		271,652,468.40	199,211,810.06
Where: Dividends and profits paid by subsidiaries to minority shareholders			

Other cash payments related to financing activities	VII.78	4,500,000.00	13,343,672.74
Subtotal of cash outflows from financing activities		276,152,468.40	212,555,482.80
Net cash flow from financing activities		-227,471,998.14	997,241,569.87
IV. Impact of exchange rate changes on cash and cash equivalents		6,836,593.83	69,558,604.22
V. Net increase in cash and cash equivalents		-154,297,951.29	873,354,314.87
Add: Opening balance of cash and cash equivalents		2,865,817,877.74	1,992,463,562.87
VI. Balance of cash and cash equivalents at the end of the period		2,711,519,926.45	2,865,817,877.74

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Parent Company's Statement of Cash Flows
January-December 2024

Unit: Yuan Currency: RMB

Item	Note	FY2024	FY2023
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		2,853,480,268.28	3,867,671,432.90
Tax Refund		47,617,533.81	137,858,224.96
Cash received from other operating activities		511,127,100.78	326,821,030.06
Subtotal of cash inflow from operating activities		3,412,224,902.87	4,332,350,687.92
Cash paid for goods purchased and services received		2,250,005,783.85	3,160,131,932.33
Cash paid to and for employees		524,019,512.20	566,979,962.74
Taxes paid		179,042,756.77	239,924,035.44
Other cash payments related to operating activities		434,112,362.26	579,442,165.44
Subtotal of cash outflow from operating activities		3,387,180,415.08	4,546,478,095.95
Net cash flow from operating activities		25,044,487.79	-214,127,408.03
II. Cash flows from investing activities:			
Return of cash received on investment		152,952,929.50	272,439,369.87
Cash received from investment income			
Net cash received from disposal of Fixed Assets, Intangible Assets and other long-term assets		52,000.00	282,090.09
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		80,608,510.26	
Subtotal of cash inflows from investing activities		233,613,439.76	272,721,459.96

Cash paid for the purchase and construction of Fixed Assets, Intangible Assets and other long-term assets		97,620,871.21	286,468,270.06
Cash Investment		206,820,000.00	337,433,066.57
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities			
Subtotal of cash outflows from investing activities		304,440,871.21	623,901,336.63
Net cash flows from investing activities		-70,827,431.45	-351,179,876.67
III. Cash flows from financing activities:			
Cash received from absorption of investments			1,195,315,292.39
Get cash received from borrowing			
Cash received in connection with other financing activities		48,680,470.26	14,481,760.28
Subtotal of cash inflows from financing activities		48,680,470.26	1,209,797,052.67
Cash to pay off debts			
Cash paid for distribution of dividends, profits, or interest payments		271,652,468.40	199,211,810.06
Other cash payments related to financing activities		4,500,000.00	13,343,672.74
Subtotal of cash outflows from financing activities		276,152,468.40	212,555,482.80
Net cash flow from financing activities		-227,471,998.14	997,241,569.87
IV. Impact of exchange rate changes on cash and cash equivalents		-9,615,557.44	55,152,315.45
V. Net increase in cash and cash equivalents		-282,870,499.24	487,086,600.62
Add: Opening balance of cash and cash equivalents		2,266,380,622.36	1,779,294,021.74
VI. Balance of cash and cash equivalents at the end of the period		1,983,510,123.12	2,266,380,622.36

Head of the Company: Yu Pingguang Head of Accounting Work: Fu Fenghua Head of Accounting Organization: Yang Zhaodi

Consolidated Statement of Changes in Equity
January-December 2024

Unit: Yuan Currency: RMB

Item	FY2024												
	Equity attributable to owners of the parent company											Minority interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk provision	Undistributed profit	Other	Subtotal
I. Prior year-end balance	603,672,152.00				2,359,829,993.27		7,227,980.88	207,647.09	271,191,623.48		1,876,935,053.36		5,119,064,450.08
Add: change in accounting policy													0.00
Correction of prior period errors													0.00
Other													0.00
II. Opening balance for the year	603,672,152.00				2,359,829,993.27		7,227,980.88	207,647.09	271,191,623.48		1,876,935,053.36		5,119,064,450.08
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)					-6,115,482.12		-2,697,884.98	-136,878.03	30,644,452.52		24,039,433.42		45,733,640.81
(i) Total comprehensive income							-2,697,884.98				326,336,354.34		323,638,469.36
(ii) Owners' inputs and reductions in capital					-6,115,482.12								-6,115,482.12
1. Common shares invested by owners													
2. Capital contributions by holders of other equity instruments													

3. Share-based payments recognized in equity					-6,115,482.12								-6,115,482.12		-6,115,482.12
4. Other															
(iii) Distribution of profits									30,644,452.52		-302,296,920.92		-271,652,468.40		-271,652,468.40
1. Withdrawal of surplus reserves									30,644,452.52		-30,644,452.52				
2. Provision for general risks															
3. Distribution to owners (or shareholders)											-271,652,468.40		-271,652,468.40		-271,652,468.40
4. Other															
(iv) Internal carry-forward of owners' equity															
1. Transfer of capital reserve to capital (or share capital)															
2. Transfer of surplus to capital (or share capital)															
3. Coverage of losses by surplus reserve															
4. Carry-over of changes in defined benefit plans to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Other															
(v) Special reserves									-136,878.03				-136,878.03		-136,878.03
1. Withdrawals									6,529,206.75				6,529,206.75		6,529,206.75

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during the period															
2. Utilization during the period								-6,666,084.78					-6,666,084.78		-6,666,084.78
(vi) Other															
IV. Closing balance for the period	603,672,152.00				2,353,714,511.15		4,530,095.90	70,769.06	301,836,076.00		1,900,974,486.78		5,164,798,090.89		5,164,798,090.89

Item	FY2023														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	General risk provision	Undistributed profit	Other			Subtotal
		Preferred stock	Perpetual bonds	Other											
I. Prior year-end balance	405,133,000.00				1,401,737,825.15		2,419,348.00		191,755,852.88		1,346,492,128.33		3,347,538,154.36		3,347,538,154.36
Add: change in accounting policy															
Correction of prior period errors															
Other															
II. Opening balance for the year	405,133,000.00				1,401,737,825.15		2,419,348.00		191,755,852.88		1,346,492,128.33		3,347,538,154.36		3,347,538,154.36
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)	198,539,152.00				958,092,168.12		4,808,632.88	207,647.09	79,435,770.60		530,442,925.03		1,771,526,295.72		1,771,526,295.72
(i) Total comprehensive income							4,808,632.88				809,090,505.69		813,899,138.57		813,899,138.57
(ii) Owners' inputs and reductions in capital	26,061,394.00				1,130,569,926.12								1,156,631,320.12		1,156,631,320.12
1. Common shares invested	26,061,394.00				1,155,811,356.09								1,181,872,750.09		1,181,872,750.09

by owners															
2. Capital contributions by holders of other equity instruments															
3. Share-based payments recognized in equity					-25,241,429.97								-25,241,429.97		-25,241,429.97
4. Other															
(iii) Distribution of profits									79,435,770.60		-278,647,580.66		-199,211,810.06		-199,211,810.06
1. Withdrawal of surplus reserves									79,435,770.60		-79,435,770.60				
2. Provision for general risks															
3. Distribution to owners (or shareholders)											-199,211,810.06		-199,211,810.06		-199,211,810.06
4. Other															
(iv) Internal carry-forward of owners' equity	172,477,758.00				-172,477,758.00										
1. Transfer of capital reserve to capital (or share capital)	172,477,758.00				-172,477,758.00										
2. Transfer of surplus to capital (or share capital)															
3. Coverage of losses by surplus reserve															
4. Carry-over of changes in defined benefit plans to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. Other															
(v) Special reserves									207,647.09				207,647.09		207,647.09
1. Withdrawals during the period									6,064,165.11				6,064,165.11		6,064,165.11
2. Utilization									-				-5,856,518.02		-5,856,518.02

during the period								5,856,518.02							
(vi) Other															
IV. Closing balance for the period	603,672,152.00				2,359,829,993.27		7,227,980.88	207,647.09	271,191,623.48		1,876,935,053.36		5,119,064,450.08		5,119,064,450.08

Head of the Company: Yu Pingguang

Head of Accounting Work: Fu Fenghua

Head of Accounting Organization: Yang Zhaodi

Statement of Changes in Owners' Equity of the Parent Company
January-December 2024

Unit: Yuan Currency: RMB

Item	FY2024										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Total owners' equity
		Preferred stock	Perpetual bond	Other							
I. Prior year-end balance	603,672,152.00				2,359,829,993.27			207,647.09	271,191,623.48	1,830,480,933.75	5,065,382,349.59
Add: change in accounting policy											
Correction of prior period errors											
Other											
II. Opening balance for the year	603,672,152.00				2,359,829,993.27			207,647.09	271,191,623.48	1,830,480,933.75	5,065,382,349.59
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)					-6,115,482.12			-136,878.03	30,644,452.52	51,407,309.00	75,799,401.37
(i) Total comprehensive income										353,704,229.92	353,704,229.92
(ii) Owners' inputs and reductions in capital					-6,115,482.12						-6,115,482.12
1. Common shares invested by owners											
2. Capital contributions by holders of other equity instruments											
3. Share-based payments recognized in equity					-6,115,482.12						-6,115,482.12
4. Other											
(iii) Distribution of profits									30,644,452.52	-302,296,920.92	-271,652,468.40
1. Withdrawal of surplus reserves									30,644,452.52	-30,644,452.52	
2. Distribution to owners (or shareholders)										-271,652,468.40	-271,652,468.40
3. Other											
(iv) Internal carry-forward of owners' equity											
1. Transfer of Capital reserve to capital (or share capital)											
2. Transfer of surplus to capital (or share capital)											

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3. Coverage of losses by Surplus reserve											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(v) Special reserves								-136,878.03			-136,878.03
1. Withdrawals during the period								6,529,206.75			6,529,206.75
2. Utilization during the period								-6,666,084.78			-6,666,084.78
(vi) Other											
IV. Closing balance for the period	603,672,152.00				2,353,714,511.15			70,769.06	301,836,076.00	1,881,888,242.75	5,141,181,750.96

Item	FY2023										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Total owners' equity
		Preferred stock	Perpetual bond	Other							
I. Prior year-end balance	405,133,000.00				1,401,737,825.15				191,755,852.88	1,314,770,808.43	3,313,397,486.46
Add: change in accounting policy											
Correction of prior period errors											
Other											
II. Opening balance for the year	405,133,000.00				1,401,737,825.15				191,755,852.88	1,314,770,808.43	3,313,397,486.46
III. Amount of increase or decrease during the period (decreases are indicated by a "-" sign)	198,539,152.00				958,092,168.12			207,647.09	79,435,770.60	515,710,125.32	1,751,984,863.13
(i) Total comprehensive income										794,357,705.98	794,357,705.98
(ii) Owners' inputs and reductions in capital	26,061,394.00				1,130,569,926.12						1,156,631,320.12
1. Common shares invested by owners	26,061,394.00				1,155,811,356.09						1,181,872,750.09
2. Capital contributions by holders of other equity instruments											
3. Share-based payments recognized in equity					-25,241,429.97						-25,241,429.97
4. Other											
(iii) Distribution of profits									79,435,770.60	-278,647,580.66	-199,211,810.06
1. Withdrawal of surplus reserves									79,435,770.60	-79,435,770.60	
2. Distribution to owners (or shareholders)										-199,211,810.06	-199,211,810.06
3. Other											

Zhejiang Hangke Technology Incorporated Company Annual Report 2024

(iv) Internal carry-forward of owners' equity	172,477,758.00				-172,477,758.00						
1. Transfer of Capital reserve to capital (or share capital)	172,477,758.00				-172,477,758.00						
2. Transfer of surplus to capital (or share capital)											
3. Coverage of losses by Surplus reserve											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Other											
(v) Special reserves								207,647.09			207,647.09
1. Withdrawals during the period								6,064,165.11			6,064,165.11
2. Utilization during the period								-5,856,518.02			-5,856,518.02
(vi) Other											
IV. Closing balance for the period	603,672,152.00				2,359,829,993.27			207,647.09	271,191,623.48	1,830,480,933.75	5,065,382,349.59

Head of the Company: Yu Pingguang

Head of Accounting Work: Fu Fenghua

Head of Accounting Organization: Yang Zhaodi

III. Basic Information about the Company

1. Company Overview

√Applicable ☐Not Applicable

Zhejiang Hangke Technology Incorporated Company (hereinafter referred to as the Company) was established by Zhejiang Hangke Technology Co., Ltd. as a whole. It was registered in Hangzhou Administration for Industry and Commerce on November 21, 2011, and its headquarter is located in Hangzhou, Zhejiang Province. The Company currently holds a business license with a unified social credit code of 913301005865048038, a registered capital of 603,672,152.00 Yuan, and a total of 603,672,152.00 shares (par value of 1 Yuan per share), all of which are tradable A shares that are not subject to sales restrictions. The Company's stock was listed on the Shanghai Stock Exchange on July 22, 2019.

The Company belongs to the special equipment manufacturing industry for the new energy industry. The main business activities are manufacturing and processing: lithium battery formation, testing equipment and charging and discharging equipment, protective plate products for lithium battery packs, lithium battery automatic production lines; services: technological development of lithium battery production technology, import and export of goods and technologies (Except for items prohibited by laws and administrative regulations, items restricted by laws and administrative regulations may be operated only after obtaining permission).

This financial statement has been approved by the Company at the 24th meeting of the Third Session of the Board of Directors on April 28, 2025.

IV. Basis of preparation of the financial statements

1. Basis of preparation

The Company's financial statements have been prepared on a lasting operation basis.

2. Lasting operation

√Applicable ☐Not Applicable

There are no matters or circumstances that give rise to significant doubt about the Company's ability to continue as a going concern for a period of 12 months from the end of the reporting period.

V. Critical accounting policies and accounting estimates

Specific Accounting Policies and Accounting Estimates Reminder:

√Applicable ☐Not Applicable

The Company has formulated specific accounting policies and accounting estimates for transactions or events such as impairment of financial instruments, depreciation of property, plant and equipment, construction in progress, intangible assets, and revenue recognition in accordance with the characteristics of actual production and operations.

1. Statement of compliance with enterprise accounting standards

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and give a true and complete picture of the Company's financial position, results of operations, changes in shareholders' equity and cash flows and other relevant information.

2. Accounting period

The Company's fiscal year begins on January 1 and ends on December 31 of the calendar year.

3. Operating cycle

√Applicable ☐Not Applicable

The Company operates businesses with short operating cycles and uses 12 months as the standard for classifying the liquidity of its assets and liabilities.

4. Bookkeeping currency

The Company uses RMB as the bookkeeping currency of accounting. The fifteen subsidiaries, CHR Japan Corporation, Hangke Electronics Trading Hong Kong Limited., HK POWER Co., Ltd., Hangke Electronics Corporation, Japan New Energy Equipment Co., Ltd., HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE) PTE. LTD., HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD., HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Hangke Technology Inc, HK TECHNOLOGY, INC, Hangke Technology Hungary KFT, HANGKE TECHNOLOGY UK LIMITED, CANADA HANGKE TECHNOLOGY LTD., Hangke Technology Germany GmbH, and STARLINK ELECTRONIC TECHNOLOGY MALAYSIA SDN.BHD. engage in foreign operations and select the currency of the main economic environment in which they operate as the bookkeeping currency of accounting.

5. Methodology for determining materiality criteria and basis for selection

√Applicable ☐Not Applicable

Item	Materiality criteria
Recovery or reversal of impairment provisions for significant contract assets	Single item amount exceeds 0.30% of total assets
Significant write off contract assets	Single item amount exceeds 0.30% of total assets
Significant changes in the book value of contract assets	The amount of change exceeds 0.30% of the total assets
Significant prepayments aging over 1 year	Single item amount exceeds 0.30% of total assets
Significant construction projects in progress	The total investment of a single project exceeds 0.3% of the total assets
Significant accounts payable aging over 1 year	Single item amount exceeds 0.30% of total assets
Other significant payables aging over 1 year	Single item amount exceeds 0.30% of total assets
Significant prepayments aging over 1 year or with overdue payments	Single item amount exceeds 0.30% of total assets
Significant contract liabilities aging over 1 year	Single item amount exceeds 0.30% of total assets
Significant changes in the book value of contractual liabilities	The amount of change exceeds 0.30% of the total assets
Significant cash flows from investment activities	Single item amount exceeds 1% of total assets

6. Accounting for business combinations under common control and non-common control

√Applicable ☐Not Applicable

1. Accounting treatment of business combinations under common control

Assets and liabilities acquired by the Company in a business combination are measured at the Book value of the party being combined in the consolidated financial statements of the party ultimately in control at the date of the combination. The Company adjusts its capital reserve by the difference between the share of the Book value of the equity of the parties to be consolidated in the consolidated financial statements of the party ultimately in control and the Book value of the consideration paid for the consolidation or the total nominal value of the shares issued; if the capital reserve is insufficient to cover the difference, it is adjusted to retained earnings.

2. Accounting treatment of business combinations not under common control

The Company recognizes goodwill at the date of purchase for the difference between the cost of consolidation and the share of fair value of the identifiable net assets of the acquiree acquired in the consolidation; if the cost of consolidation is less than the share of fair value of the identifiable net assets of the acquiree acquired in the consolidation, firstly, the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities as well as the measurement of cost of consolidation shall be reviewed, and if, after the review, the cost of consolidation remains less than the share of fair value of the identifiable net assets, the difference is recognized in profit or loss for the current period.

7. Criteria for judging control and preparation of consolidated financial statements

√Applicable ☐Not Applicable

1. Judgment of control

Control is recognized as having power over an investee, enjoying variable returns through participation in the investee's relevant activities, and having the ability to use the power over the investee to affect the amount of its variable returns.

2. Presentation of consolidated financial statements

The Parent Company includes all subsidiaries it controls in the scope of consolidation of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the Parent Company and its subsidiaries and are prepared by the Parent Company in accordance with *Accounting Standard for Business Enterprises (ASBE) No. 33, Consolidated Financial Statements*, based on other relevant information.

8. Classification of joint venture arrangements and accounting treatment of joint operations

☐Applicable ☒Not Applicable

9. Criteria for determining cash and cash equivalents

The cash listed in the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents are investments held by an enterprise that have a short maturity, are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

10. Foreign currency operations and translation of foreign currency statements

☒Applicable ☐Not Applicable

1. Translation of foreign currency operations

Foreign currency transactions are translated into Renminbi amounts at the time of initial recognition using the exchange rate approximating the spot rate at the date of the transaction. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date, and exchange differences arising from the difference in exchange rates, except for the exchange differences on the principal of and interest on special foreign currency borrowings relating to the acquisition and construction of assets eligible for capitalization, are recognized in profit or loss for the current period; foreign currency non-monetary items measured at historical cost are still translated using the spot exchange rate at the date of the transaction, and the RMB amounts are not changed; non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date of determination of fair value, with the difference recognized in profit or loss or other comprehensive income for the current period.

2. Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed profits", are translated using the spot exchange rate at the date of the transaction; and items in income statement are translated using the spot exchange rate at the date of the transaction. Differences arising from the translation of foreign-currency financial statements in accordance with the above translation are recognized in other comprehensive income.

11. Financial Instrument

☒Applicable ☐Not Applicable

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories at initial recognition: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories at initial recognition: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities resulting from transfers of financial assets that do not meet the conditions for derecognition or from continuing involvement in the transferred financial assets; (3) financial guarantee contracts that do not fall under (1) or (2) above and loan commitments that do not fall under (1) above and are made at a below-market interest rate; (4) financial liabilities measured at amortized cost.

2. Basis of recognition, measurement and derecognition of financial assets and financial liabilities

(1) Basis of recognition and initial measurement of financial assets and financial liabilities

The Company recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract. Upon initial recognition of a financial asset or financial liability, it is measured at fair value; for financial assets and financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other types of financial assets or financial liabilities, the related transaction costs are included in the amount initially recognized. However, if the receivables initially recognized by the Company do not contain significant financing components or if the Company does not consider the financing components in contracts that are not more than one year old, they are initially measured at the transaction price as defined in ASBE No. 14, "Revenue".

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

Subsequent measurement at amortized cost is performed using the effective interest method. Gains or losses arising from financial assets measured at amortized cost that are not part of any hedging relationship are recognized in profit or loss when the asset is derecognized, reclassified, amortized in accordance with the effective interest rate method or recognized as impaired.

2) Investments in debt instruments at fair value through other comprehensive income

Fair value is used for subsequent measurement. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest rate method are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss.

3) Investments in equity instruments at fair value through other comprehensive income

Fair value is used for subsequent measurement. Dividends received (except for those attributable to the recovery of investment costs) are recognized in profit or loss, and other gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

4) Financial assets at fair value through profit or loss

Gains or losses arising from subsequent measurement using fair value, including interest and dividend income, are recognized in profit or loss unless the financial asset is part of a hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Such financial liabilities include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. These financial liabilities are subsequently measured at fair value. The amount of change in the fair value of financial liabilities designated as at fair value through profit or loss arising from changes in the Company's own credit risk is recognized in other comprehensive income, unless such treatment would create or enlarge an accounting mismatch in profit or loss. Other gains or losses arising from such financial liabilities (including interest expense, changes in fair value other than those arising from changes in the Company's own credit risk) are recognized in profit or loss, unless the financial liability is part of a hedging relationship. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is transferred out of other comprehensive income and recognized in retained earnings.

2) The transfer of a financial asset that does not meet the conditions for derecognition or a financial liability arising from continued involvement in the transferred financial asset

Measured in accordance with the relevant provisions of ASBE 23, "Transfers of Financial Assets".

3) Financial guarantee contracts that do not fall under 1) or 2) above, and loan commitments that do not fall under 1) above and lend at below-market interest rates.

Subsequent measurement after initial recognition is based on the higher of: (i) the amount of the provision for losses determined in accordance with the provisions for impairment of financial instruments; and (ii) the amount initially recognized net of the cumulative amortization determined in accordance with the relevant provisions of "Accounting Standard No. 14 - Revenue".

4) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method. Gains or losses arising from financial liabilities measured at amortized cost that are not part of any hedging relationship are

recognized in profit or loss when they are derecognized and amortized using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when one of the following conditions is met:

① The contractual right to receive cash flows from financial assets has been terminated;

② A financial asset has been transferred and the transfer satisfies the requirements for derecognition of a financial asset under ASBE No. 23, "Transfers of Financial Assets".

2) When the present obligation of a financial liability (or a portion thereof) has been discharged, the financial liability (or the portion thereof) is derecognized accordingly.

3. Basis of recognition and measurement of transfers of financial assets

If the Company transfers substantially all the risks and rewards of ownership of a financial asset, it derecognizes the financial asset and separately recognizes the rights and obligations arising from or retained in the transfer as an asset or a liability; if it retains substantially all the risks and rewards of ownership of a financial asset, it continues to recognize the transferred financial asset. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the Company shall deal with the following situations: (1) if it does not retain control of the financial asset, derecognize the financial asset and recognize the rights and obligations arising from or retained in the transfer as a separate asset or liability; (2) if it retains control of the financial asset, recognize the relevant financial asset to the same extent as if it continued to be involved in the transferred financial asset, and recognize the relevant liability accordingly. financial assets and recognize the related liabilities accordingly.

If the transfer of a financial asset meets the conditions for derecognition, the difference between (1) the carrying amount of the transferred financial asset at the date of derecognition and (2) the sum of the consideration received for the transfer of the financial asset and the amount of the derecognition portion of the cumulative change in the fair value of the transferred financial asset that would otherwise have been recognized directly in other comprehensive income (for transfers involving investments in debt instruments that are carried at fair value through other comprehensive income). If a portion of a financial asset is transferred and the transferred portion as a whole satisfies the conditions for derecognition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognised portion and the part that continues to be recognised based on their respective relative fair values at the date of the transfer, and the difference between the following two amounts is recognised in profit or loss for the period: (1) Book value of the derecognition portion; (2) The sum of the derecognition portion of the consideration and the amount corresponding to the derecognition portion of the cumulative amount of changes in fair value that would have been recognised directly in other comprehensive income (involving the transfer of a financial asset that is an investment in a debt instrument that is measured at fair value with changes in fair value recognised in other comprehensive income).

4. Methods for determining the fair value of financial assets and financial liabilities

The Company determines the fair value of underlying financial assets and financial liabilities using valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information. The Company categorizes the inputs used in the valuation techniques into the following hierarchy and uses them sequentially:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date;

(2) Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the underlying asset or liability, including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; observable inputs other than quoted prices, such as interest rates and yield curves that are observable between normal quoted price intervals; and market-validated inputs;

(3) Level 3 inputs are unobservable inputs for the underlying asset or liability, including interest rates that are not directly observable or cannot be verified by observable market data, equity volatility, future cash flows from abandonment obligations assumed in a business combination, and financial projections made using own data.

5. Impairment of financial instruments

The Company uses expected credit losses as the basis for impairment of financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, loan commitments classified as other than financial liabilities at fair

value through profit or loss, financial liabilities that are not classified as financial liabilities at fair value through profit or loss, or financial guarantee contracts that do not meet the conditions for derecognition or for which there is a continuing involvement in the financial liability arising from the transferred financial asset are treated as impaired and a loss provision is recognized.

Expected credit losses, the weighted average of credit losses on financial instruments weighted by the risk of default. Credit losses are the difference between all contractual cash flows receivable by the Company under the contract discounted at the original effective interest rate and all cash flows expected to be collected, i.e. the present value of all cash shortfalls. In particular, for financial assets purchased or originated by the Company that are credit impaired, they are discounted at the credit-adjusted effective interest rate of the financial asset.

For financial assets purchased or originated that have suffered credit impairment, the Company recognizes a loss allowance at the balance sheet date only for the cumulative change in expected credit losses over the entire period of existence since initial recognition.

For receivables and contract assets resulting from transactions governed by ASBE No. 14, Revenue, the Company applies a simplified measurement approach to measure the allowance for losses at an amount equal to the expected credit losses over the entire duration.

For financial assets other than those measured above, the Company assesses at each balance sheet date whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses as the amount of expected credit losses over the entire duration of the financial instrument; if there has not been a significant increase in credit risk since initial recognition, the Company measures the allowance for losses as the amount of expected credit losses of the financial instrument over the next 12 months.

The Company uses reasonably available and supportable information, including forward-looking information, to determine whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition.

At the balance sheet date, if the Company judges that a financial instrument has only a low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses on the basis of individual financial instruments or a portfolio of financial instruments. When a portfolio of financial instruments is used as a basis, the Company classifies the financial instruments into different portfolios based on common risk characteristics.

The Company remeasures the expected credit losses at each balance sheet date, and the resulting increase or reversal amount of the loss allowance is recognized as an impairment loss or gain in profit or loss. For financial assets carried at amortized cost, the allowance for losses is offset against the carrying amount of the financial asset as stated in the balance sheet; for debt investments carried at fair value through other comprehensive income, the Company recognizes its allowance for losses in other comprehensive income, without offsetting the carrying amount of the financial asset.

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, the Company presents the net amount after offsetting each other in the balance sheet if the following conditions are simultaneously met: (1) the Company has a legal right to offset the recognized amount and such legal right is currently enforceable; (2) the Company plans to settle the net amount, or to realize the financial asset and settle the financial liability at the same time.

For transfers of financial assets that do not meet the conditions for derecognition, the Company does not offset the transferred financial assets and related liabilities.

7. Criteria for recognizing and accruing for expected credit losses on receivables and contract assets

(1) Receivables and contract assets subject to expected credit losses based on a combination of credit risk characteristics

Portfolio category	Basis for determining the portfolio	Methodology for measuring expected credit losses
Bankers' acceptances receivable	Type of instrument	Expected credit losses are calculated by reference to historical credit loss experience, taking into account current

Commercial acceptances receivable		conditions and forecasts of future economic conditions, through default exposures and expected credit loss rates over the entire duration
Accounts receivable - ageing portfolio	Age of accounts	Prepare a table of Accounts Receivable aging versus expected credit loss rates to calculate expected credit losses, taking into account historical credit loss experience, current conditions and projections of future economic conditions
Contract assets -- ageing portfolio	Age of accounts	Calculation of expected credit losses by reference to historical credit loss experience, current conditions and forecasts of future economic conditions by preparing a table of expected credit loss rates for the ageing of contract assets compared to the expected credit loss rates over the life of the contracts
Other Receivables - related transactions portfolio	Nature of payment	Calculate expected credit losses by reference to historical credit loss experience, current conditions and forecasts of future economic conditions through default risk exposures and the expected credit loss rate for the next 12 months or the entire duration
Other Receivables - security deposit portfolio		
Other Receivables -- imprest portfolio		
Other Receivables -- other portfolio		

(2) Ageing of the aging portfolio against expected credit loss ratio

Age of accounts	Accounts receivable Expected credit loss ratio (%)	Contract Assets Expected credit loss ratio (%)
Within 1 year (inclusive, same below)	5	5
1-2 years	15	15
2-3 years	30	30
More than 3 years	100	100

The ageing of Accounts Receivable and contract assets is calculated from the month in which the amounts are actually incurred.

(3) Criteria for recognizing receivables and contract assets with expected credit losses on an individual basis

For receivables and contract assets with credit risk significantly different from the portfolio credit risk, the Company accrues expected credit losses on an individual basis.

12. Notes Receivable

☒Applicable ☐Not Applicable

Categories of portfolios and basis for determining the bad debt provision according to credit risk profile portfolio

☒Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Ageing methodology for recognizing a portfolio of credit risk characteristics based on ageing

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Judgmental criteria for individual accrual of bad debts according to individual items

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

13. Accounts Receivable

√Applicable ☐Not Applicable

Categories of portfolios and basis for determining the bad debt provision according to credit risk profile portfolio

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Ageing methodology for recognizing a portfolio of credit risk characteristics based on ageing

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Judgmental criteria for individual accrual of bad debts according to individual items

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

14. Receivables Financing

√Applicable ☐Not Applicable

Categories of portfolios and basis for determining the bad debt provision according to credit risk profile portfolio

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Ageing methodology for recognizing a portfolio of credit risk characteristics based on ageing

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Judgmental criteria for individual accrual of bad debts according to individual items

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

15. Other Receivables

√Applicable ☐Not Applicable

Categories of portfolios and basis for determining the bad debt provision according to credit risk profile portfolio

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Ageing methodology for recognizing a portfolio of credit risk characteristics based on ageing

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Judgmental criteria for individual accrual of bad debts according to individual items

√Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

16. Inventory√Applicable ☐Not Applicable**Inventory categories, issue valuation method, inventory system, amortization method for low value consumables and packages**√Applicable ☐Not Applicable**1. Classification of inventories**

Inventories include finished goods or merchandise held for sale in the ordinary course of activities, work in progress in the production process, and materials and supplies consumed in the production process or in the provision of services.

2. Method of valuation of inventory issued

The weighted average method is used to issue inventories at the end of the month. At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and provision for decline in value of inventories is made for the difference between cost and net realizable value. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation by the estimated selling price of the inventories less estimated selling expenses and related taxes; the net realizable value of inventories requiring processing is determined in the normal course of production and operation by the estimated selling price of the finished goods produced less estimated costs to be incurred up to the time of completion, estimated selling expenses and related taxes; At the balance sheet date, if there is a contract price agreed for one part of the same inventory and no contract price exists for the other part, the net realizable value is determined separately and compared with its corresponding cost, and the amount of provision or reversal of allowance for decline in value of inventories is determined separately.

3. Inventory system

The inventory system is a perpetual inventory system.

4. Method of amortization of low-value consumables and packing materials**(1) Low-value consumables**

Amortized in accordance with the lump sum method.

(2) Packaging

Amortized in accordance with the lump sum method.

Criteria for recognizing and providing for provision for decline in value of inventories√Applicable ☐Not Applicable

At the balance sheet date, inventories are measured at the lower of cost or net realizable value, and provision for decline in value of inventories is made for the difference between cost and net realizable value. The net realizable value of inventories used directly for sale is determined in the normal course of production and operation by the estimated selling price of the inventories less estimated selling expenses and related taxes; the net realizable value of inventories requiring processing is determined in the normal course of production and operation by the estimated selling price of the finished goods produced less estimated costs to be incurred up to the time of completion, estimated selling expenses and related taxes; At the balance sheet date, if there is a contract price agreed for one part of the same inventory and no contract price exists for the other part, the net realizable value is determined separately and compared with its corresponding cost, and the amount of provision or reversal of allowance for decline in value of inventories is determined separately.

Categories of portfolios and the basis for determining the allowance for decline in value of inventories according to the combinations, and the basis for determining the net realizable value of different categories of inventories☐Applicable √Not Applicable**Calculation method and basis for determining the net realizable value of each age group for the purpose of recognizing the net realizable value of inventories based on the age of the inventories**

☐Applicable ☒Not Applicable

17. Contract Assets

☒Applicable ☐Not Applicable

Methods and criteria for recognizing contract assets

☒Applicable ☐Not Applicable

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the fulfillment of performance obligations and payments from customers. The Company presents contract assets and contract liabilities under the same contract on a net basis after offsetting them against each other.

The Company presents as receivables the right to receive consideration from customers that it owns and that is unconditional (i.e., depends only on the passage of time), and as a contractual asset the right to receive consideration for merchandise that has been transferred to a customer (which is dependent on factors other than the passage of time).

The Company presents its obligation to transfer merchandise to customers for consideration received or receivable from customers as a contractual liability.

Categories of portfolios and basis for determining the bad debt provision according to credit risk profile portfolio

☒Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Ageing methodology for recognizing a portfolio of credit risk characteristics based on ageing

☒Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

Judgmental criteria for individual accrual of bad debts according to individual items

☒Applicable ☐Not Applicable

Please refer to Note V.11 Financial Instruments.

18. Non-current assets or disposal groups held for sale

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

Recognition criteria and presentation of discontinued operations

☐Applicable ☒Not Applicable

19. Long-term equity investments

☒Applicable ☐Not Applicable

1. Judgment of joint control, significant influence

Common control is recognized when there is shared control over an arrangement in accordance with relevant agreements and the activities related to the arrangement require the unanimous agreement of the participants sharing control before decisions can be made. Significant influence is recognized when there is power to participate in decision-making with respect to the financial and operating policies of the investee, but there is no ability to control, or share control with other parties over, the formulation of those policies.

2. Determination of investment costs

(1) If a business combination under the same control results in a merger in which the merging parties pay cash, transfer non-cash assets, assume liabilities or issue equity securities as consideration for the merger, the initial cost of the investment is recognized as the cost of investment at the date of the merger based on the acquisition of a share of the Book value of the equity interests of the party to be merged in the consolidated financial statements of the party ultimately in control. The difference

between the initial investment cost of a long-term equity investment and the Book value of the merger consideration paid or the total nominal value of the shares issued is adjusted to capital reserve; if capital reserve is insufficient to cover the difference, it is adjusted to retained earnings.

The Company determines whether a long-term equity investment resulting from a business combination under the same control of the Company that is effected in stages through multiple transactions is a "package deal". If it is a "package deal", each transaction is accounted for as a single transaction for the purpose of obtaining control. If it is not a "package deal", the initial investment cost is determined at the date of consolidation based on the consolidated share of the Book value of the net assets of the party to be consolidated in the consolidated financial statements of the party ultimately in control. The difference between the initial investment cost of the long-term equity investment at the date of consolidation and the sum of the Book value of the long-term equity investment before consolidation and the Book value of the new consideration paid for the acquisition of further shares at the date of consolidation is adjusted to capital reserve; if capital reserve is not sufficient to be eliminated, it is adjusted to retained earnings.

(2) If a business combination is formed by a company not under the same control, its initial investment cost is recognized at the purchase date based on the fair value of the merger consideration paid.

The Company distinguishes between individual financial statements and consolidated financial statements for the accounting treatment related to long-term equity investments resulting from non-identical control business combinations achieved in stages through multiple transactions:

1) In the individual financial statements, the sum of the Book value of the previously held equity investment and the cost of the additional investment is recognized as the initial investment cost for the change to the cost method of accounting.

2) In the consolidated financial statements, a judgment is made as to whether or not the transaction is a "package deal". If the transaction is a "package deal", each transaction is accounted for as a single transaction for the acquisition of control. If the transaction is not a "package deal", the equity interest in the acquiree held prior to the date of purchase is remeasured at the fair value of the equity interest on the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income; if the equity interest in the acquiree held prior to the date of purchase is related to other comprehensive income under the equity method, the difference is recognized as other comprehensive income under the equity method. Other comprehensive income, etc. related to the equity in the investee held prior to the date of purchase is transferred to current income. However, other comprehensive income arising from the remeasurement of net liabilities or changes in net assets of the defined benefit plan by the investee is excluded.

(3) Except for those formed by a business combination: if the acquisition is made by cash payment, its initial investment cost shall be determined according to the actual purchase price paid; if the acquisition is made by the issuance of equity securities, its initial investment cost shall be determined according to the fair value of the equity securities issued; if the acquisition is made by debt restructuring, its initial investment cost shall be determined in accordance with the Accounting Standards for Business Enterprises (ASBE) No. 12- Debt Restructuring; and the initial investment cost is determined in accordance with ASBE No. 7 - Non-Monetary Asset Exchanges if the acquisition is made through non-monetary asset exchanges.

3. Subsequent measurement and methods of recognizing gains and losses

Long-term equity investments in investees over which control is exercised are accounted for using the cost method; long-term equity investments in associates and joint ventures are accounted for using the equity method.

4. Treatment of stepwise disposal of investments in subsidiaries through multiple transactions to loss of control

(1) Principles for determining whether or not a transaction is a "package deal"

In the case of a step-by-step disposal of equity investments in subsidiaries through multiple transactions until loss of control, the Company determines whether a step-by-step transaction is a "package deal" by taking into account the terms and conditions of the transaction agreement for each step of the step-by-step transaction, the disposal consideration obtained, the target of the disposal, the method of disposal, and the point in time of the disposal, among other information. If the terms,

conditions, and economic impacts of each transaction meet one or more of the following conditions, it is generally recognized that multiple transactions are "package deals."

1) The transactions were entered into simultaneously or after taking into account the effects of each other;

2) It is the totality of these transactions that achieves a complete business result;

3) The occurrence of one transaction depends on the occurrence of at least one other transaction;

4) A transaction is uneconomical when viewed in isolation, but economical when considered in conjunction with other transactions.

(2) Accounting treatment for transactions that are not "package deals"

1) Individual financial statements

The difference between the Book value and the actual acquisition price of the disposed equity interest is recognized in profit or loss for the current period. For the remaining equity interest, if it still has significant influence over the investee unit or exercises joint control with other parties, it is transferred to the equity method of accounting; if it can no longer exercise control, joint control or significant influence over the investee unit, it is accounted for in accordance with the relevant provisions of "ASBE No. 22 - Recognition and Measurement of Financial Instruments".

2) Consolidated financial statements

Prior to the loss of control, the difference between the disposal price and the disposal long-term equity investment's corresponding share of the subsidiary's net assets calculated on a continuous basis from the date of purchase or the date of consolidation is adjusted to capital reserve (capital premium), and if capital premium is not sufficient to be eliminated, it is eliminated to retained earnings.

Upon loss of control over Atomics, the remaining equity interest is remeasured at its fair value as of the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the original subsidiary's net assets continuously calculated from the date of purchase or the date of consolidation based on the original shareholding ratio, is recognized as investment income for the period in which control is lost, and goodwill is eliminated. Other comprehensive income, such as other comprehensive income related to equity investments in the original subsidiaries, should be transferred to investment income in the current period when control is lost.

(3) Accounting for "package deals"

1) Individual financial statements

Each transaction is accounted for as a disposal of a subsidiary with loss of control. However, the difference between the disposal price and the carrying amount of the long-term equity investment corresponding to the investment disposed of in each case before the loss of control is recognized as other comprehensive income in the individual financial statements and transferred to profit or loss for the period in which the loss of control occurs.

2) Consolidated financial statements

Each transaction is accounted for as a disposal of a subsidiary with loss of control. However, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the investment disposed of in each case prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and transferred to profit or loss for the period in which the control is lost when the control is lost.

20. Investment property

Not applicable

21. Fixed Assets

(1). Confirmation conditions

☒Applicable ☐Not Applicable

Fixed assets are tangible assets that are held for use in the production of goods, provision of services, leasing or business management and have a useful life of more than one fiscal year. Fixed assets are recognized when both the inflow of economic benefits is probable and the cost can be measured reliably.

(2). Depreciation method

√Applicable □Not Applicable

Type	Depreciation method	Depreciable life (years)	Salvage rate	Annual depreciation rate
Houses and buildings	Life-cycle averaging (LCA)	5-20	4-5	19-4.75
General equipment	Life-cycle averaging (LCA)	3-5	5	31.67-19
Specialized equipment	Life-cycle averaging (LCA)	3-10	5	31.67-9.5
Transportation tools	Life-cycle averaging (LCA)	3-5	5	31.67-19
Other equipment	Life-cycle averaging (LCA)	3-5	5	31.67-19

22. Construction in progress

√Applicable □Not Applicable

1. Construction in progress is recognized when both the inflow of economic benefits is probable and the cost can be measured reliably. Construction in progress is measured at the actual cost incurred to construct the asset until it reaches its intended use.

2. When Construction in progress reaches its intended state of use, it is transferred to Fixed Assets at the actual cost of construction. If the project has reached the intended state of use but has not yet been finalized, it will be transferred to Fixed Assets at the estimated value first, and the original provisional value will be adjusted according to the actual cost after the finalization of the project, but the depreciation that has already been provided for will not be adjusted again.

Category	Criteria and point in time for carrying forward Construction in progress to Fixed Assets
Houses and buildings	Achievement of acceptance requirements or expected serviceability
General and specialized equipment	After installation and commissioning to meet the design requirements or contractual standards
Transportation tools, other equipment	Assets arrived and were operational

23. Borrowing Cost

√Applicable □Not Applicable

1. Principles for recognition of capitalized Borrowing Costs

Borrowing Costs incurred by the Company that are directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the cost of the related assets; other Borrowing Costs are recognized as expenses when incurred and included in profit or loss for the current period.

2. Period during which Borrowing Costs are capitalized

(1) Capitalization of Borrowing Costs begins when the following conditions are simultaneously met: 1) expenditures for the asset have been incurred; 2) Borrowing Costs have been incurred; and 3) acquisition, construction, or production activities necessary to bring the asset to its intended use or marketable condition have begun.

(2) If there is an abnormal interruption in the acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, capitalization of Borrowing Costs is suspended; Borrowing Costs incurred during the interruption period are recognized as a current expense until the acquisition or production of the asset recommences.

(3) Capitalization of Borrowing Costs ceases when the assets acquired, constructed, or produced that qualify for capitalization reach their intended use or saleable condition.

3. Borrowing Costs capitalization rate and amount capitalized

If special borrowings are borrowed for the purpose of purchasing, constructing or producing assets eligible for capitalization, the amount of interest to be capitalized shall be determined by taking the actual interest expense incurred during the period of special borrowings (including the amortization of discount or premium determined in accordance with the effective interest rate method), less the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from making temporary investments; if general borrowings are used for the acquisition or production of assets eligible for capitalization, the amount of interest to be capitalized on general borrowings is calculated by multiplying the weighted average number of cumulative asset expenditures in excess of those on special-purpose borrowings by the capitalization rate of the general borrowings used.

24. Biological Asset

☐Applicable ☒Not Applicable

25. Oil and Gas Assets

☐Applicable ☒Not Applicable

26. Intangible Assets

(1). Useful life and the basis for its determination, estimation, amortization methodology or review procedures

☒Applicable ☐Not Applicable

1. Intangible assets, including land use rights, software etc., are initially measured at cost.

2. Intangible Assets with a finite useful life are amortized systematically and reasonably over the useful life in accordance with the manner in which the economic benefits associated with the Intangible Asset are expected to be realized, or on a straight-line basis if the manner in which the economic benefits are expected to be realized cannot be reliably determined. The details are as follows:

Item	Useful life and the basis for its determination	Amortization method
Land use right	38, 50	Straight-line amortization
Software	3	Straight-line amortization

Useful life is recognized on the basis of the number of years of expected economic benefits.

(2). The scope of R&D expenditures and the related accounting treatment

☒Applicable ☐Not Applicable

1. Scope of research and development expenditures

(1) Personnel labor costs

Personnel labor costs include wages and salaries, basic pension insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work injury insurance premiums, maternity insurance premiums and housing fund of the Company's research and development personnel, as well as labor costs of external research and development personnel.

(2) Direct input costs

Direct input costs refer to the relevant expenditures actually incurred by the Company for the implementation of research and development activities. It includes: 1) directly consumed materials, fuel and power costs; 2) the development and manufacturing costs of molds and process equipment used for

intermediate tests and product trial production, the acquisition costs of samples, prototypes and general testing means that do not constitute Fixed Assets, and the inspection costs of trial products; and 3) the costs of operation and maintenance, adjustments, inspections, testing and repairs of instruments and equipment used for research and development activities.

(3) Depreciation expense and long-term amortization expense

Depreciation expense refers to the depreciation of instruments, equipment and buildings in use for research and development activities.

Where instruments, equipment and buildings in use are used for research and development activities and are also used for non-research and development activities, necessary records are kept of the use of such instruments, equipment and buildings in use, and depreciation expenses actually incurred are allocated between research and development expenses and production and operating expenses using a reasonable method based on factors such as the actual man-hours worked and the area used.

Long-term amortized expenses are long-term amortized expenses incurred in the course of alterations, modifications, improvements and repairs to research and development facilities, which are summarized based on actual expenditures and amortized equally over a specified period of time.

(4) Amortization expense for Intangible Assets

Amortization expense of Intangible Assets represents the amortization expense of software, intellectual property, and non-patented technologies (know-how, licenses, designs and calculation methods, etc.) used in research and development activities.

(5) Other costs

Other expenses are expenses other than those mentioned above that are directly related to research and development activities, including travel and communication expenses.

2. Expenditures incurred during the research phase of internal research and development projects are recognized in profit or loss when incurred. Expenditures incurred during the development phase of an internal research and development project are recognized as Intangible Assets if the following conditions are met: (1) it is technically feasible to complete the Intangible Asset so that it can be used or sold; (2) there is an intention to complete the Intangible Asset and to use or sell it; (3) the Intangible Asset generates economic benefits in a manner that demonstrates that there is a market for the products produced by applying the Intangible Asset, or that a market for the Intangible Asset market exists for the Intangible Asset itself, and where the Intangible Asset is to be used internally, the usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to support the completion of the development of the Intangible Asset and the ability to use or sell the Intangible Asset; and (5) the expenditures attributable to the development phase of the Intangible Asset can be measured reliably.

27. Impairment of long-lived assets

☒Applicable ☐Not Applicable

For long-lived assets such as long-term equity investments, property, plant and equipment, Construction in progress, right-of-use assets, and Intangible Assets with finite useful lives, the recoverable amount is estimated if there is any indication of impairment at the balance sheet date. Goodwill and Intangible Assets with indefinite useful lives arising from business combinations are tested for impairment annually, regardless of whether there is any indication of impairment. Goodwill is tested for impairment in conjunction with the asset group or combination of asset groups to which it relates.

If the recoverable amount of the above long-lived assets is less than their carrying amount, a provision for asset impairment is recognized for the difference and recognized in profit or loss.

28. Long-term amortized expenses

☒Applicable ☐Not Applicable

Long-term amortized expenses account for expenses that have been expensed and amortized over a period of one year or more (excluding one year). Long-term amortized expenses are recorded at the actual amount incurred and are amortized equally over the period of benefit or over a specified period of time. If a long-term amortized expense item does not benefit a future accounting period, the unamortized amortized value of the item is transferred to profit or loss for the current period.

29. Contract liabilities√Applicable ☐Not Applicable

Contractual liabilities are obligations to transfer goods or services to customers for consideration received or receivable from customers, such as payments received by an enterprise prior to the transfer of promised goods or services.

30. Employee compensation**(1). Accounting treatment of short-term remuneration**√Applicable ☐Not Applicable

1. Employee compensation includes short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

2. Accounting treatment of short-term remuneration

In the accounting period in which employees provide services to the Company, the actual short-term compensation incurred is recognized as a liability and included in profit or loss or the cost of the related assets.

(2). Accounting treatment of post-employment benefits√Applicable ☐Not Applicable

Post-employment benefits are categorized into defined contribution plans and defined benefit plans.

(1) During the accounting period in which employees provide services to the Company, the amount of contributions payable calculated in accordance with the defined contribution plan is recognized as a liability and charged to current profit or loss or the cost of the related assets.

(2) The accounting treatment of a defined benefit plan typically includes the following steps:

1) Measurement of the obligation arising from the defined benefit plan and determination of the period over which the obligation falls, based on the projected accumulated benefit unit method, using unbiased and mutually consistent actuarial assumptions for estimating the relevant demographic and financial variables, among others. At the same time, the obligations arising from the defined benefit plans are discounted to determine the present value of the defined benefit plan obligations and the current service cost;

(2) Where there are assets in the defined benefit plan, the deficit or surplus resulting from the present value of the defined benefit plan obligation less the fair value of the defined benefit plan assets is recognized as a net defined benefit plan liability or net asset. Where a defined benefit plan has a surplus, the net defined benefit plan asset is measured at the lower of the surplus of the defined benefit plan or the asset limit;

3) At the end of the period, employee compensation costs arising from defined benefit plans are recognized as service costs, net interest on net liabilities or net assets of the defined benefit plans, and changes arising from the remeasurement of net liabilities or net assets of the defined benefit plans, with service costs and net interest on net liabilities or net assets of the defined benefit plans recognized in profit or loss or in the cost of the related assets, and changes arising from the remeasurement of net liabilities or net assets of the defined benefit plans recognized in other comprehensive income, and are not allowed to be reversed to profit or loss in subsequent periods, but these amounts recognized in other comprehensive income can be transferred within equity.

(3). Accounting for termination benefits√Applicable ☐Not Applicable

For severance benefits provided to employees, an employee compensation liability arising from severance benefits is recognized in profit or loss at the earlier of (1) when the Company is unable to unilaterally withdraw severance benefits provided as a result of a plan of termination or a proposal for downsizing, and (2) when the Company recognizes costs or expenses related to a restructuring that involves the payment of severance benefits.

(4). Accounting treatment of other long-term employee benefits√Applicable ☐Not Applicable

Other long-term benefits provided to employees are accounted for in accordance with the relevant provisions of the defined contribution plan if they are eligible for the defined contribution plan; other than that, they are accounted for in accordance with the relevant provisions of the defined benefit plan, and for the purpose of simplifying the relevant accounting treatment, the employee compensation costs incurred thereof are recognized as service costs, the net interest on the net liability or net asset for other long-term employee benefits, and the total net amount of the component items, such as the change arising from the measurement of the net liability or net asset for other long-term employee benefits, is recognized in profit or loss for the period or in the cost of the related assets.

31. Estimated liability

☐Applicable ☒Not Applicable

32. Share-based payment

☒Applicable ☐Not Applicable

1. Types of share-based payments

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

2. Accounting treatment related to the implementation, modification and termination of share-based payment plans

(1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for employee services that are exercisable immediately after grant are recognized at the grant date in the relevant cost or expense at the fair value of the equity instrument, with a corresponding adjustment to capital reserve. For equity-settled share-based payments in exchange for employee services that are exercisable only upon completion of the services within the waiting period or upon fulfillment of specified performance conditions, at each balance sheet date during the waiting period, based on the best estimate of the number of equity instruments that will become exercisable, the services acquired in the current period are recognized in the relevant cost or expense at the fair value of the equity instruments at the date of grant, with a corresponding adjustment to capital reserve.

Equity-settled share-based payments in exchange for services from other parties are measured at the fair value of the services from other parties at the date of acquisition if the fair value of the services from other parties can be measured reliably; if the fair value of the services from other parties cannot be measured reliably but the fair value of the equity instruments can be measured reliably, the equity instruments are measured at the fair value of the equity instruments at the date of acquisition of the services, which is included in the related costs or expenses, and correspondingly increase the owners' equity.

(2) Cash-settled share-based payments

Cash-settled share-based payments in exchange for employee services that are exercisable immediately after the grant are recognized at the grant date at the fair value of the liability assumed by the company in the related cost or expense, with a corresponding increase in the liability. For cash-settled share-based payments in exchange for employee services that are exercisable upon completion of the waiting period or fulfillment of specified performance conditions, the services acquired during the period are recognized in the relevant cost or expense and the corresponding liability at the fair value of the liability assumed by the Company at each balance sheet date during the waiting period, based on the best estimation of the circumstances under which the rights will become exercisable.

(3) Modification and termination of share-based payment plans

If the modification increases the fair value of the equity instruments granted, the company recognizes the increase in acquired services accordingly to the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the company recognizes the increase in the fair value of the equity instruments accordingly to the increase in the acquisition of services; and if the company modifies the conditions of feasibility in a manner that is favorable to the employee, the company treats the conditions of feasibility in, the company considers the modified feasibility conditions.

If the modification reduces the fair value of the equity instrument granted, the company continues to recognize the amount of services acquired based on the fair value of the equity instrument at the date

of grant without regard to the reduction in the fair value of the equity instrument; if the modification reduces the number of equity instruments granted, the company treats the reduction as a cancellation of the equity instrument granted; and if the feasibility condition is modified in a manner that is unfavorable to the employees conditions, the modified feasibility conditions are not taken into account in the treatment of the feasibility conditions.

If the Company cancels an equity instrument granted or settles an equity instrument granted during the waiting period (except for cancellations due to failure to satisfy the conditions for exercisability), the cancellation or settlement is treated as an acceleration of exercisability, with immediate recognition of the amount that would otherwise have been recognized over the remaining waiting period.

33. Preferred shares, perpetual bonds and other financial instruments

☐Applicable ☒Not Applicable

34. Income

(1). Disclosure of accounting policies used for revenue recognition and measurement by type of business

☒Applicable ☐Not Applicable

1. Revenue recognition principles

On the commencement date of a contract, the Company evaluates the contract, identifies each individual performance obligation included in the contract and determines whether each individual performance obligation is to be performed within a certain time period or at a certain point in time.

A performance obligation is satisfied at a point in time if one of the following conditions is met; otherwise, it is satisfied at a point in time if (1) the customer acquires and consumes the economic benefits of the company's performance concurrently with the company's performance; (2) the customer is able to control the commodities being constructed by the company in the course of the company's performance; and (3) the commodities produced by the company in the course of the company's performance have a non-substitutable use and the company is entitled to receive payment for the cumulative portion of performance completed to date throughout the contract period.

For performance obligations that are to be fulfilled within a certain period of time, the company recognizes revenue over that period of time based on the progress of performance. When the progress of performance is not reasonably determinable, revenue is recognized at the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred are expected to be reimbursed. For performance obligations that are fulfilled at a point in time, revenue is recognized at the point in time when the customer obtains control of the related goods or services. In determining whether the customer has obtained control of the merchandise, the Company considers the following indications: (1) the Company has a present right to receive payment for the merchandise, which means that the customer has a present obligation to pay for the merchandise; (2) the Company has transferred legal title of the merchandise to the customer, which means that the customer has legal title to the merchandise; (3) the Company has physically transferred the merchandise to the customer, which means that the customer has physical possession of the merchandise; and (4) the company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e., the customer has acquired the principal risks and rewards of ownership of the commodity; (5) the customer has accepted the commodity; and (6) other indications that the customer has acquired control of the commodity.

2. Principles of income measurement

(1) The Company measures revenue based on the transaction price apportioned to each individual performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled as a result of the transfer of goods or services to the customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to the customer.

(2) Where variable consideration exists in a contract, the company determines the best estimate of the variable consideration on the basis of the expectation or the most likely amount to be incurred, provided that the price of the transaction incorporating the variable consideration does not exceed the amount by which it is highly probable that the cumulative amount of recognized revenue will not be materially reversed by the time the related uncertainty is removed.

(3) Where there is a significant financing element in a contract, the Company determines the transaction price on the basis of the amount payable that is assumed to be paid in cash by the customer

as soon as the customer obtains control of the goods or services. The difference between this transaction price and the contract consideration is amortized over the term of the contract using the effective interest method. If, on the commencement date of the contract, the Company expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price will not exceed one year, the significant financing element of the contract is not considered.

(4) If the contract contains two or more performance obligations, the company apportions the transaction price to each individual performance obligation on the contract start date in relative proportion to the individual selling price of the goods promised under each individual performance obligation.

3. Specific methods of revenue recognition

The sale and modification of the Company's equipment and related accessories is the fulfillment of a performance obligation at a certain point in time. For the sale of equipment and related accessories subject to commissioning and acceptance, all contracted goods are delivered to the buyer and installed, commissioned and put into trial operation in accordance with the time, delivery method and delivery location agreed in the contract, and revenue is recognized after the buyer's acceptance and obtaining the acceptance certificate confirmed by the buyer. Sales of equipment and related accessories that require only inspection and delivery are shipped in accordance with the delivery time confirmed in the contract, and revenues are recognized after the buyer has inspected and accepted the quantity, model, specifications and packaging status of the products.

(2). Different operating models for the same type of business involve different revenue recognition and measurement methods

☐Applicable ☒Not Applicable

35. Contract Cost

☒Applicable ☐Not Applicable

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. If contract acquisition costs are amortized over a period of not more than one year, they are recognized directly in profit or loss when incurred.

Costs incurred by the Company for the performance of a contract, which are not subject to the scope of regulation of the relevant standards on inventories, Fixed Assets or Intangible Assets, and which simultaneously meet the following conditions, are recognized as an asset as contract performance costs:

1. The cost is directly related to a current or anticipated contract and includes direct labor, direct materials, manufacturing overhead (or similar), costs explicitly attributable to the customer, and other costs incurred solely as a result of the contract;
2. The cost increases the resources available to the company to meet its performance obligations in the future;
3. The cost is expected to be recovered.

The Company amortizes assets related to contract costs on the same basis as revenue recognition for the goods or services to which the asset relates, through profit or loss.

If the carrying amount of an asset related to contract costs is greater than the remaining consideration expected to be obtained for the transfer of goods or services related to that asset, less estimated costs to be incurred, the Company makes an allowance for impairment and recognizes an asset impairment loss for the excess. If there is a subsequent change in the factors that impaired the asset in a prior period, such that the remaining consideration expected to be obtained for the transfer of goods or services related to the asset, less estimated costs to be incurred, is greater than the carrying amount of the asset, the reversal of the provision for impairment is recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset as of the date of the reversal assuming that no provision for impairment had been made.

36. Government Grant

☒Applicable ☐Not Applicable

1. Government grants are recognized when the following conditions are simultaneously met: (1) the company is able to meet the conditions attached to the government grant; and (2) the company is able to receive the government grant. If a government grant is a monetary asset, it is measured at the amount received or receivable. If the government grants are non-monetary assets, they are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount.

2. Basis of judgment and accounting treatment of government grants related to assets

Government grants that are stipulated in government documents to be used for the purchase, construction or other formation of long-term assets are classified as asset-related government grants. If government documents are unclear, government grants are judged on the basis of the basic conditions that must be met in order to obtain the grants, and those that are based on the basic conditions of purchasing, constructing or otherwise forming long-term assets are classified as asset-related government grants. Government grants related to assets are offset against the carrying amount of the related assets or recognized as deferred income. If the government grants related to assets are recognized as deferred income, they are recognized in profit or loss in a reasonable and systematic manner over the useful lives of the related assets. Government grants that are measured at nominal amounts are recognized directly in profit or loss. If the related assets are sold, transferred, retired or destroyed before the end of their useful lives, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the assets are disposed of.

3. Basis of judgment and accounting treatment of government grants related to revenue

Government grants other than asset-related government grants are classified as revenue-related government grants. For government grants that contain both asset-related and revenue-related components, if it is difficult to distinguish between asset-related and revenue-related government grants, the entire government grant is categorized as revenue-related government grants. Government grants related to income that are used to compensate for related costs or losses in future periods are recognized as deferred income and are credited to current profit or loss or charged to current cost in the period in which the related costs or losses are recognized; those that are used to compensate for related costs or losses that have already been incurred are directly credited to current profit or loss or charged to current cost.

4. Government grants related to the Company's daily operating activities are recognized in other income or offset against related costs and expenses in accordance with the substance of the economic operations. Government grants that are not related to the Company's daily activities are recognized as non-operating income and expenses.

37. Lease

☒Applicable ☐Not Applicable

Judgement basis and accounting treatment of short-term leases and leases of low-value assets as a simplified treatment for lessees

☒Applicable ☐Not Applicable

On the commencement date of the lease term, the Company recognizes as short-term leases those leases that have a term of no more than 12 months and do not include an option to purchase, and recognizes as low-value asset leases those leases that would have a lower value if the individual leased asset were a brand-new asset. Where the Company subleases or expects to sublease a leased asset, the original lease is not recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the Company recognizes the lease payments as part of the cost of the related asset or in profit or loss on a straight-line basis in each period during the lease term.

Except for short-term leases and leases of low-value assets, for which the simplified treatment is applied as described above, the Company recognizes a right-of-use asset and a lease liability for leases on the lease term commencement date.

(1) Right-of-use assets

A right-of-use asset is initially measured at cost, which consists of 1) the amount of the initial measurement of the lease liability, 2) the amount of lease payments made on or before the commencement date of the lease term, net of the amount relating to lease incentives already taken, if any; 3) the initial direct costs incurred by the lessee; and 4) the costs expected to be incurred by the lessee to dismantle and remove the leased asset, to rehabilitate the site on which the leased asset is located, or to restore the leased asset to the condition agreed in the terms of the lease. the lease terms.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the leased asset over its remaining useful life. If it is not reasonably certain that the Company will obtain ownership of the leased asset by the end of the lease term, the Company depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes the present value of the outstanding lease payments as a lease liability. The present value of the lease payments is calculated using the interest rate implicit in the lease as the discount rate, or if the interest rate implicit in the lease cannot be determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized financing expense, and interest expense is recognized in profit or loss over the lease term at the rate that discounts the present value of the lease payments recognized. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

After the commencement date of the lease term, when there is a change in the amount of substantive fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or ratio used to determine the amount of lease payments, or a change in the appraisal results of or actual exercise of the option to purchase, renew or terminate the lease, the Company re-measures the lease liability based on the present value of the lease payments after the change and adjusts the Book value of the right-of-use asset accordingly. If the Book value of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the remaining amount is recognized in profit or loss for the current period.

Criteria for classification and accounting treatment of leases as lessors

☒Applicable ☐Not Applicable

At the start date of a lease, the Company classifies leases that transfer substantially all of the risks and rewards associated with ownership of the leased asset as finance leases, and all other leases as operating leases.

(1) Operating leases

The Company recognizes lease receipts as rental income on a straight-line basis in each period of the lease term, and initial direct costs incurred are capitalized and amortized on the same basis as rental income recognition and recognized in profit or loss in the current period. Variable lease payments made by the Company in connection with operating leases that are not recognized as lease receipts are recognized in profit or loss when they are actually incurred.

(2) Financial leases

At the start date of the lease term, the Company recognizes a finance lease receivable based on the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the inception date of the lease term discounted at the interest rate embedded in the lease) and derecognizes the asset under the finance lease. During each period of the lease term, the Company calculates and recognizes interest income based on the interest rate embedded in the lease.

Variable lease payments acquired by the Company that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred.

38. Deferred income tax assets/deferred income tax liabilities

☒Applicable ☐Not Applicable

1. Deferred income tax assets or deferred income tax liabilities are recognized for the difference between the carrying amount of an asset or liability and its tax base (or, if the tax base of an item not recognized as an asset or liability can be determined in accordance with the provisions of the Tax Act, the difference between that tax base and its carrying amount) calculated using the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled.

2. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred tax assets not recognized in prior periods are recognized when, at the balance sheet date, it is probable that sufficient taxable income will be available in future periods to allow the deductible temporary differences to be utilized.

3. The carrying amount of deferred tax assets is reviewed at the balance sheet date and written down to the extent that it is more likely than not that sufficient taxable income will not be available to offset the benefit of deferred tax assets in future periods. The amount of the write-down is reversed when it is more likely than not that sufficient taxable income will be available.

4. The Company's current and deferred income taxes are recognized as income tax expense or benefit in profit or loss for the current period, excluding income taxes arising from: (1) business combinations; and (2) transactions or events that are recognized directly in owners' equity.

5. Deferred income tax assets and deferred income tax liabilities are presented at net amounts after offsetting when the following conditions are simultaneously met: (1) there is a legal right to settle current income tax assets and current income tax liabilities on a net basis; (2) the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxpaying entity, or relate to different taxpaying entities but are not realized or settled during each significant future period in which the deferred income tax assets and deferred income tax liabilities are reversed to the extent that the Taxpayer involved intends to either settle the current income tax assets and current income tax liabilities on a net basis or to acquire the assets and settle the liabilities at the same time.

39. Other significant accounting policies and accounting estimates

☐Applicable ☒Not Applicable

40. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

☒Applicable ☐Not Applicable

(2). Unit: Yuan Currency: RMB

Content and reasons of changes in significant accounting policies	Name of statement item materially affected	Impacted amount
The Company started to implement the <i>Interpretation No. 17 of the Enterprise Accounting Standards</i> on the "Classification of Current Liabilities and Non-Current Liabilities" issued by the Ministry of Finance from January 1, 2024.	No impact	/
The Company started to implement the <i>Interpretation No. 17 of the Enterprise Accounting Standards</i> on the "Disclosure of Supplier Financing Arrangements" issued by the Ministry of Finance from January 1, 2024.	No impact	/
The Company started to implement the <i>Interpretation No. 17 of the Enterprise Accounting Standards</i> on the "Accounting Treatment of Sale and Leaseback Transactions" issued by the Ministry of Finance from January 1, 2024.	No impact	/
The Company started to implement the <i>Interpretation No. 18 of the Enterprise Accounting Standards</i> on the "Accounting Treatment of Quality Assurance That Does Not Fall under a Single Performance Obligation" issued by the Ministry of Finance from January 1, 2024.	Operating costs of the items in the 2023 income statement	27,725,211.59
	Sales expenses of the items in the 2023 income statement	-27,725,211.59

Other notes

None.

(2). Significant changes in accounting estimates

☐Applicable ☒Not Applicable

(3). First-time implementation of new accounting standards or interpretations, etc. from 2024 onwards involves adjustments to the financial statements at the beginning of the year of first implementation

√Applicable □Not Applicable

Reasons for adjustments to the financial statements as at the beginning of the year

Starting from January 1, 2024, the Company started to implement the *Interpretation No. 18 of the Enterprise Accounting Standards* on the "Accounting Treatment of Quality Assurance That Does Not Fall under a Single Performance Obligation" issued by the Ministry of Finance, and retrospectively adjusted information in the comparable period. The specific adjustments made are as follows:

Report items significantly impacted	Impacted amount	Remarks
Items in the 2023 income statement		
Operating costs	27,725,211.59	
Sales expenses	-27,725,211.59	

41. Other

□Applicable √Not Applicable

VI. Tax Items

1. Major taxes and rates

Major tax types and rates

√Applicable □Not Applicable

Tax types	Taxable basis	Tax rate
Value-added tax (VAT)	Calculate output tax on the basis of income from the sale of goods and taxable services calculated in accordance with the provisions of the Tax Law, and after deducting the input tax allowed for deduction in the current period, the difference will be the value-added tax payable	[Note 1]
Property tax	If charged from price, it shall be calculated and paid at 1.2% of the remaining value after deducting 30% from the original value of the property; if charged from rent, it shall be calculated and paid at 12% of the rental income.	1.2%, 12%
Urban maintenance and construction tax	Actual amount of turnover tax paid	7%
Education surcharge	Actual amount of turnover tax paid	3%
Local education surcharge	Actual amount of turnover tax paid	2%
Corporate income tax	Taxable income	[Note 2]

[Note 1] Disclosure of the existence of taxable entities with different value added tax rates

Name of Taxpayer	Value added tax rate (%)
The Company	13%, 9%, 6%, export goods enjoy the policy of "exemption, offset, and refund", with a tax refund rate of 13%
CHR Japan Corporation	10%
HK POWER Co., Ltd	10%
Hangke Electronics Corporation	10%
HONRECK ELECTRONICS TRADING SPÓŁKA Z	23%

Name of Taxpayer	Value added tax rate (%)
OGRANICZONA ODPOWIEDZIALNOSCIA	
Hangke Technology Germany GmbH	19%
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE)PTE. LTD.	7%

[Note 2] Disclosure of the existence of taxable entities with different corporate income tax rates

√Applicable □Not Applicable

Name of Taxpayer	Income tax rate (%)
The Company	15%
CHR Japan Corporation, Japan New Energy Equipment Co., Ltd.	[Note 3]
Hangke Electronics Corporation, HK POWER Co., Ltd	[Note 4]
Hangke Electronics Trading Hong Kong Limited	8.25%, 16.50%
HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD.	24%
HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	19%
Hangke Technology Inc	[Note 5]
Hangke Technology Germany GmbH	15.825%
Hangke Technology Hungary KFT	9.00%
HK TECHNOLOGY, INC	[Note 6]
HANGKE TECHNOLOGY UK LIMITED	[Note 7]
CANADA HANGKE TECHNOLOGY LTD.	[Note 8]
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE)PTE. LTD.	17%
STARLINK ELECTRONIC TECHNOLOGY MALAYSIA SDN.BHD.	24%

[Note 3] This is the comprehensive tax rate for small and medium-sized businesses, which includes corporate tax and corporate business tax, etc. The comprehensive tax rate is 22.46% for taxable income of less than 4 million yen, 24.90% for taxable income of more than 4 million yen and less than 8 million yen, and 36.81% for taxable income of more than 8 million yen. CHR Japan Corporation and Japan New Energy Equipment Co., Ltd. incurred losses in this period.

[Note 4] The tax rate is 10% for taxable income of less than KRW 200 million, 20% for taxable income of more than KRW 200 million and less than KRW 20 billion, and 22% for taxable income of more than KRW 20 billion. Hangke Electronics Corporation and HK POWER Co., Ltd. incurred losses in this period.

[Note 5] Income tax returns are filed with the U.S. Federal Internal Revenue Service and the California Department of Revenue, respectively, at a federal income tax rate of 21% and a California income tax rate of 8.84%.

[Note 6] Income tax returns are filed with the U.S. Federal Internal Revenue Service and the Georgia Department of Revenue, respectively, with a federal income tax rate of 21% and a Georgia state income tax rate of 5.75%.

[Note 7] For taxable income exceeding £ 250,000, the tax rate is 25%. For taxable income not exceeding £ 50,000, the tax rate is 19%. For taxable income between £ 50,000 and £ 250,000, marginal exemptions are available, with an actual tax rate ranging from 19% to 25%. The taxable income of HANGKE TECHNOLOGY UK LIMITED for this period is 0.

[Note 8] Income tax returns are filed with the Canadian Federal Revenue Agency and the Ontario Revenue Agency, respectively, at a federal basic income tax rate of 38% and an Ontario income tax rate of 11.5%. The taxable income of CANADA HANGKE TECHNOLOGY LTD. in this period is 0.

2. Tax incentives

√Applicable ☐Not Applicable

1. According to the High and New Technology Enterprise Certificate issued by the Science and Technology Department of Zhejiang Province, the Finance Bureau of Zhejiang Province and the Tax Bureau of Zhejiang Province of the State Administration of Taxation, the Company has been recognized as a High and New Technology Enterprise, and the qualification will be valid for three years (2024-2026), and the Company is subject to enterprise income tax at a rate of 15%.

2. Pursuant to the Circular on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100) issued by the Ministry of Finance and the State Administration of Taxation, the Company is entitled to the preferential policy of immediate tax reimbursement for the portion of the actual negative tax on value-added tax in excess of 3% on the sale of software products that are self-developed and produced by the Company and are subject to a value-added tax ("VAT") at the rate of 13%.

3. According to the *Announcement of the Ministry of Finance and the State Administration of Taxation on the Policy of Value-added Tax Deduction for Advanced Manufacturing Enterprises* (Announcement No. 43 of 2023 of the Ministry of Finance and the State Administration of Taxation), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to offset the payable value-added tax by an additional 5% based on the deductible input tax for the current period.

4. The subsidiary Hangke Electronics Trading Hong Kong Limited is a company registered in Hong Kong. According to the *Hong Kong Inland Revenue Ordinance*, offshore income of the company can be exempted from income tax upon declaration and does not need to be taxed.

3. Other

☐Applicable ☒Not Applicable

VII. Notes to Items of Consolidated Financial Statements

1. Monetary funds

√Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	1,520,259.81	86,185.18
Cash in bank	2,883,606,468.69	2,969,651,114.24
Other monetary funds	186,686,934.40	293,412,004.65
Total	3,071,813,662.90	3,263,149,304.07
Where: total deposits abroad	810,783,447.10	605,379,573.29

Other notes:

None.

2. Financial assets held for trading

√Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reasons and basis for designation
Financial assets at fair value through profit or loss	3,318,338.14	5,925,509.48	/
Where:			
Investments in equity instruments	3,318,338.14	5,925,509.48	/
			/
Financial assets designated at fair value through profit or loss			
Where:			
Total	3,318,338.14	5,925,509.48	/

Other notes:

☐Applicable ☒Not Applicable**3. Derivative financial asset**☐Applicable ☒Not Applicable**4. Notes Receivable****(1). Notes receivable presented by category**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Banker's acceptance	74,768,516.00	90,155,576.33
Commercial promissory note		
Total	74,768,516.00	90,155,576.33

(2). Notes receivable pledged by the Company at the end of the period☐Applicable ☒Not Applicable**(3). Notes receivable that have been endorsed or discounted by the Company at the end of the period and are not yet due at the balance sheet date**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Banker's acceptance	10,000,000.00	28,255,395.34
Commercial promissory note		
Total	10,000,000.00	28,255,395.34

(4). Disclosure by bad debt provision method☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book Value	Carrying amount		Provision for bad debts		Book Value
	Amount	Percentage (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	

Provision for bad debts on an individual basis										
Where:										
Banker's acceptance										
Commercial promissory note										
Provision for bad debts by portfolio	74,768,516.00	100.00			74,768,516.00	90,155,576.33	100.00			90,155,576.33
Where:										
Banker's acceptance	74,768,516.00	100.00			74,768,516.00	90,155,576.33	100.00			90,155,576.33
Commercial promissory note										
Total	74,768,516.00	/		/	74,768,516.00	90,155,576.33	/		/	90,155,576.33

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of accounts receivable for which a change in the allowance for losses occurred during the period:

☐Applicable ☒Not Applicable

(5). Provision for bad debts

☐Applicable ☒Not Applicable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

(6). Actual write-off of notes receivable during the period

☐Applicable ☒Not Applicable

Among which, significant notes receivable write-offs:

☐Applicable ☒Not Applicable

Notes on the write-off of notes receivable:

☐Applicable ☒Not Applicable

Other notes

☒Applicable ☐Not Applicable

The Company's notes receivable include banker's acceptance and commercial promissory note, and

the acceptors of bank acceptance include large commercial banks, listed joint-stock banks, other commercial banks and financial companies. According to the principle of prudence, the Company divided the credit levels of the acceptors of the bank acceptance. Those with higher credit levels are six large commercial banks including Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and Postal Savings Bank of China, and nine listed joint-stock banks including China Merchants Bank, Shanghai Pudong Development Bank, China CITIC Bank, China Everbright Bank, Huaxia Bank, China Minsheng Bank, Ping An Bank, Industrial Bank and China Zheshang Bank. Other commercial banks and financial companies are those with general credit levels.

Banker's acceptance and commercial promissory note accepted by commercial banks and financial companies with general credit levels are not derecognized while being endorsed or discounted and would be derecognized after the maturity of notes.

5. Accounts Receivable

(1). Disclosure by age

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance	Opening book balance
Within 1 year		
Where: less than 1 year sub-item		
Within 1 year	775,505,913.56	1,001,227,757.49
Subtotal less than 1 year	775,505,913.56	1,001,227,757.49
1 to 2 years	810,492,407.46	1,015,547,518.83
2 to 3 years	599,629,257.57	202,298,540.92
More than 3 years	174,490,740.88	88,085,581.63
3 to 4 years		
4 to 5 years		
More than 5 years		
Total	2,360,118,319.47	2,307,159,398.87

(2). Disclosure by bad debt provision method

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book Value	Carrying amount		Provision for bad debts		Book Value
	Amount	Percentage (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	
Provision for bad debts on an individual basis	132,389,049.13	5.61	129,617,871.73	97.91	2,771,177.40	143,218,910.67	6.21	135,431,910.67	94.56	7,787,000.00
Where:										
Provision for bad debts on an individual basis	132,389,049.13	5.61	129,617,871.73	97.91	2,771,177.40	143,218,910.67	6.21	135,431,910.67	94.56	7,787,000.00

Provision for bad debts by portfolio	2,227,729,270.34	94.39	415,691,477.52	18.66	1,812,037,792.82	2,163,940,488.20	93.79	268,931,141.08	12.43	1,895,009,347.12
Where:										
Accounts receivable with provision for bad debts by credit risk characteristics	2,227,729,270.34	94.39	415,691,477.52	18.66	1,812,037,792.82	2,163,940,488.20	93.79	268,931,141.08	12.43	1,895,009,347.12
Total	2,360,118,319.47	100.00	545,309,349.25	23.11	1,814,808,970.22	2,307,159,398.87	100.00	404,363,051.75	17.53	1,902,796,347.12

Provision for bad debts on an individual basis:

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance				Reasons for provision
	Carrying amount	Provision for bad debts	Accrual ratio (%)		
Hubei Xingquan Machinery Equipment Co., Ltd.	36,726,495.73	36,726,495.73	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jiangsu Weifeng Power Industry Co., Ltd.	44,145,000.00	44,145,000.00	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve Power Industry Jiaying Co., Ltd.	991,000.00	991,000.00	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve Power Industry Jiangsu Co., Ltd.	16,596,554.40	16,596,554.40	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve New Energy Technology (Huzhou) Co., Ltd.	2,792,000.00	2,792,000.00	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Tianjin Jeve Power Industry Co., Ltd.	24,618,860.54	24,618,860.54	100.00		The customer's cash flow is tight, and the possibility of recovering the funds is low.
Tianjin RiseSun MGL New Energy Technology Co., Ltd	3,279,138.46	3,279,138.46	100.00		The lawsuit has been settled through mediation, and the client has no enforceable property. It is expected that the funds cannot be recovered.
Wanxiang A123 Systems Corp.	3,240,000.00	468,822.60	14.47		It is expected that the amount will not be fully recovered.
Total	132,389,049.13	129,617,871.73	97.91		/

Description of provision for bad debts on an individual basis:

□Applicable √Not Applicable

Provision for bad debts on a portfolio basis:

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts Receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	775,505,913.56	38,775,295.68	5
1-2 years	808,877,587.46	121,331,638.12	15
2-3 years	553,944,608.00	166,183,382.40	30
More than 3 years	89,401,161.32	89,401,161.32	100
Total	2,227,729,270.34	415,691,477.52	18.66

Description of provision for bad debts by portfolio:

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of accounts receivable for which a change in the provision for losses occurred during the period:

☐Applicable ☒Not Applicable

(3). Provision for bad debts

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount of change during the period				Closing balance
		Withdrawal	Recovery or reversal	Charge-offs or write-offs	Other changes	
Individual Provision for bad debts	135,431,910.67	1,544,961.06	10,500,000.00	9,665,000.00	12,806,000.00	129,617,871.73
Provision for bad debts by portfolio	268,931,141.08	131,144,801.92			15,615,534.52	415,691,477.52
Total	404,363,051.75	132,689,762.98	10,500,000.00	9,665,000.00	28,421,534.52	545,309,349.25

[Note] Other changes refer to the transfer in of contract assets and other non-current assets

Where the amount of bad debt provision recovered or reversed during the period is significant:

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Amount recovered or reversed	Reason for reversal	Recovery method	Basis for determining the percentage of the original provision for bad debts and its rationality
Wanxiang A123 Systems Corp.	10,500,000.00		Bank transfer	The original bad debt provision was made based on preliminary negotiations with the client. In this period, a supplementary agreement was actually signed and payment had been received.
Total	10,500,000.00	/	/	/

Other notes:

None.

(4). Accounts receivable actually written off during the period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount written off
Accounts receivable actually written off	9,665,000.00

Of which significant accounts receivable write-offs

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Nature of accounts receivable	Amount written off	Reasons for write-offs	Write-off procedures performed	Whether the amount arises from a related transaction
Jiangxi Velo Battery Co., Ltd.	Payment for goods	9,440,000.00	The parties reached a settlement and waived part of the payment.	Management approval	No
Wanxiang A123 Systems Corp.	Payment for goods	225,000.00	The parties reached a settlement and waived part of the payment.	Management approval	No
Total	/	9,665,000.00	/	/	/

Description of accounts receivable write-offs:

□Applicable √Not Applicable

(5). Top five accounts receivable and contract assets by closing balance, grouped by owing party

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance of accounts receivable	Closing balance of Contract assets	Closing balance of accounts receivable and contract assets	Percentage in closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
No. 1	462,474,979.70	18,294,000.00	480,768,979.70	18.15	130,749,616.19
No. 2	462,001,713.40	15,481,076.18	477,482,789.58	18.03	72,663,408.33
No. 3	172,782,432.69	17,812,771.83	190,595,204.52	7.20	17,210,789.31
No. 4	131,159,277.00	14,236,900.00	145,396,177.00	5.49	17,127,041.20
No.5	124,842,315.72	19,258,000.00	144,100,315.72	5.44	36,149,447.98
Total	1,353,260,718.51	85,082,748.01	1,438,343,466.52	54.31	273,900,303.01

Other notes

None.

Other notes:

□Applicable √Not Applicable

6. Contract Assets**(1). Status of contract assets**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for bad debts	Book value	Carrying amount	Provision for bad debts	Book value
Warranty receivables	226,559,086.01	11,327,954.30	215,231,131.71	361,068,746.75	20,037,637.34	341,031,109.41
Total	226,559,086.01	11,327,954.30	215,231,131.71	361,068,746.75	20,037,637.34	341,031,109.41

(2). Amounts and reasons for significant changes in the book value during the reporting period

□Applicable √Not Applicable

(3). Disclosure by bad debt provision method

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Carrying amount		Provision for bad debts		Book Value	Carrying amount		Provision for bad debts		Book Value
	Amount	Percent age (%)	Amount	Accrual ratio (%)		Amount	Percent age (%)	Amount	Accrual ratio (%)	
Provision for bad debts on an individual basis						3,036,000.00	0.84	2,136,000.00	70.36	900,000.00
Where:										
Provision for bad debts on an individual basis						3,036,000.00	0.84	2,136,000.00	70.36	900,000.00
Provision for bad debts by portfolio	226,559,086.01	100.00	11,327,954.30	5.00	215,231,131.71	358,032,746.75	99.16	17,901,637.34	5.00	340,131,109.41
Where:										
Provision for impairment by portfolio	226,559,086.01	100.00	11,327,954.30	5.00	215,231,131.71	358,032,746.75	99.16	17,901,637.34	5.00	340,131,109.41
Total	226,559,086.01	100.00	11,327,954.30	5.00	215,231,131.71	361,068,746.75	100.00	20,037,637.34	5.55	341,031,109.41

Provision for bad debts on an individual basis:

□Applicable √Not Applicable

Description of provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☒Applicable ☐Not Applicable

Portfolio provision item: provision for impairment by portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Contract Assets	Provision for bad debts	Accrual ratio (%)
Within 1 year	226,559,086.01	11,327,954.30	5.00
Total	226,559,086.01	11,327,954.30	5.00

Description of provision for bad debts by portfolio

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of contract assets for which a change in the provision for losses has occurred during the period:

☐Applicable ☒Not Applicable

(4). Provision for bad debts on contract assets for the period

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount of change during the period				Closing balance	Reason
		Withdrawal	Recovery or reversal	Charge-offs or write-offs	Other changes		
Provision for impairment on an individual basis	2,136,000.00				- 2,136,000.00		
Provision for impairment by portfolio	17,901,637.34	9,041,851.48			- 15,615,534.52	11,327,954.30	
Total	20,037,637.34	9,041,851.48			- 17,751,534.52	11,327,954.30	/

Provision for impairment on an individual basis and other changes in the current period transferred to accounts receivable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

(5). Contract assets actually written off during the period

□Applicable √Not Applicable

Of which significant Contract assets written off

□Applicable √Not Applicable

Description of contract assets write-offs:

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

7. Receivables Financing**(1) Presentation of receivables financing by category**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Banker's acceptance	16,649,074.05	18,205,751.49
Total	16,649,074.05	18,205,751.49

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

□Applicable √Not Applicable

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

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amounts derecognized at the end of the period	Amounts not derecognized at the end of the period
Banker's acceptance	102,252,411.34	
Total	102,252,411.34	

The acceptor of banker's acceptance bills is a commercial bank with high credit, and the possibility of the banker's acceptance bills accepted by it not being paid upon maturity is low. Therefore, the Company terminated the recognition of such banker's acceptance bills that have been endorsed or discounted. But if the bills are not paid upon maturity, according to the provisions of the *Bill Law*, the Company will still bear joint and several liability to the holder.

(4) Disclosure by bad debt provision method

□Applicable √Not Applicable

Provision for bad debts on an individual basis:

□Applicable √Not Applicable

Description of the provision for bad debts on an individual basis:

□Applicable √Not Applicable

Provision for bad debts on a portfolio basis:

□Applicable √Not Applicable

Provision for bad debts based on general model of expected credit losses

□Applicable √Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of receivables financing for which a change in the allowance for losses has occurred during the period:

☐Applicable ☒Not Applicable

(5) Provision for bad debts

☐Applicable ☒Not Applicable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None

(6) Receivables financing actually written off during the period

☐Applicable ☒Not Applicable

Of which significant receivables financing write-offs

☐Applicable ☒Not Applicable

Write-off instructions:

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

(8) Other notes:

☐Applicable ☒Not Applicable

8. Prepayments

(1). Prepayments by age

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	28,815,742.24	76.74	35,503,770.40	82.87
1 to 2 years	4,760,818.17	12.68	4,773,270.22	11.15
2 to 3 years	1,738,689.72	4.63	1,815,309.52	4.23
More than 3 years	2,234,867.77	5.95	749,102.44	1.75
Total	37,550,117.90	100.00	42,841,452.58	100.00

Description of the reasons why prepayments aged more than one year and of significant amounts have not been settled in a timely manner:

None.

(2). Top five prepayments by closing balance, grouped by prepayment recipient

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance	Percentage of total closing balance of prepayments (%)
No. 1	3,295,424.78	8.78
No. 2	2,282,667.17	6.08

No. 3	1,980,000.00	5.27
No. 4	1,495,186.79	3.98
No. 5	1,386,177.00	3.69
Total	10,439,455.74	27.80

Other notes

None.

Other notes

☐Applicable ☒Not Applicable

9. Other Receivables

Item presentation

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	28,593,110.97	40,784,568.93
Total	28,593,110.97	40,784,568.93

Other notes

☐Applicable ☒Not Applicable

Interest receivable

(1). Classification of interest receivable

☐Applicable ☒Not Applicable

(2). Significant overdue interest

☐Applicable ☒Not Applicable

(3). Disclosure by bad debt provision method

☐Applicable ☒Not Applicable

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

(4). Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of interest receivable for which a change in the allowance for losses occurred during the period:

☐Applicable ☒Not Applicable

(5). Provision for bad debts

☐Applicable ☒Not Applicable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

(6). Interest receivable actually written-off during the period

☐Applicable ☒Not Applicable

Of which significant interest receivable write-offs

☐Applicable ☒Not Applicable

Write-off instructions:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Dividends receivable

(1). Dividends receivable

☐Applicable ☒Not Applicable

(2). Significant dividends receivable aged over 1 year

☐Applicable ☒Not Applicable

(3). Disclosure by bad debt provision method

☐Applicable ☒Not Applicable

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

(4). Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of dividends receivable for which a change in the allowance for losses occurred during the period:

☐Applicable ☒Not Applicable

(5). Provision for bad debts

☐Applicable ☒Not Applicable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

(6). Dividends receivable actually written-off during the period

☐Applicable ☒Not Applicable

Of which significant write-offs of dividends receivable

☐Applicable ☒Not Applicable

Write-off instructions:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Other receivables

(1). Disclosure by age

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance	Opening balance
Within 1 year		
Where: less than 1 year sub-item		
Within 1 year	5,129,016.21	34,921,335.65
Subtotal less than 1 year	5,129,016.21	34,921,335.65
1 to 2 years	25,367,878.29	3,458,720.60
2 to 3 years	3,082,641.46	6,670,553.64
More than 3 years	9,542,051.24	6,531,978.08
3 to 4 years		
4 to 5 years		
More than 5 years		
Total	43,121,587.20	51,582,587.97

(2). Classification by nature of funds

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing balance	Opening balance
Deposit Guarantee	38,199,021.79	41,052,652.37
Reserve fund	2,818,755.41	5,195,171.77
Other	2,103,810.00	5,334,763.83
Total	43,121,587.20	51,582,587.97

(3). Provision for bad debts

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

	Phase I	Phase II	Phase III	
Provision for bad debts	Expected credit losses for the next 12 months	Expected credit losses (no credit impairment) over the entire lifetime	Expected credit losses (credit impairment incurred) over the entire lifetime	Total
Balance at January 1, 2024	1,746,066.78	518,808.09	8,533,144.17	10,798,019.

				04
Balance at January 1, 2024 in the current period				
--Transfer to Phase II	-1,268,393.91	1,268,393.91		
--Transfer to Phase III		-462,396.22	462,396.22	
--Transfer back to phase II				
--Transfer back to phase I				
Withdrawal for the current period	-221,222.06	2,480,375.96	1,953,200.88	4,212,354.78
Reversal during the period			481,897.59	481,897.59
Charge-offs during the period				
Write-offs during the period				
Other changes				
Balance at December 31, 2024	256,450.81	3,805,181.74	10,466,843.68	14,528,476.23

Basis of classification of each stage and percentage of provision for bad debts

Classification criteria for each phase: Phase I is for accounts aging less than 1 year, phase II is for accounts aging 1-2 years, and phase III is for accounts aging more than 2 years and individual provision.

Description of significant changes in the carrying amount of other receivables for which a change in the provision for losses has occurred during the period:

☐Applicable ☒Not Applicable

The amount of provision for bad debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:

☐Applicable ☒Not Applicable

(4). Provision for bad debts

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type	Opening balance	Amount of change during the period				Closing balance
		Withdrawal	Recovery or reversal	Charge-offs or write-offs	Other changes	
Provision for bad debts on an individual basis	4,330,000.00	251,500.00	481,897.59			4,099,602.41
Provision for bad debts by portfolio	6,468,019.04	3,960,854.78				10,428,873.82
Total	10,798,019.04	4,212,354.78	481,897.59			14,528,476.23

Where the amount of the provision for bad debts reversed or recovered during the period is significant:

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Amount recovered or reversed	Reason for reversal	Recovery method	Basis for determining the percentage of the original provision for bad debts and its rationality
Zhejiang	481,897.59			The company has

Aoyou Power Systems Co., Ltd.				ceased production and cannot operate normally, making it difficult to recover the funds.
Total	481,897.59	/	/	/

Other notes

None.

(5). Other Receivables actually written off during the period

☐Applicable ☒Not Applicable

Where significant write-offs of other receivables:

☐Applicable ☒Not Applicable

Instructions on the write-off of other receivables:

☐Applicable ☒Not Applicable

(6). Top five other Accounts Receivable by closing balance, grouped by owing party

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance	Percentage in total closing balance of other receivables (%)	Nature of payments	Age of accounts	Provision for bad debts closing balance
TIANSI LOGISTICS CO., LIMITED	21,565,200.00	50.01	Security deposit	1-2 年	3,234,780.00
PACIFIC GLOBAL LOGISTICS INC	2,871,920.00	6.66	Security deposit	2-3 年	861,576.00
Fujian River Energy Technology Co., Ltd.	2,384,920.00	5.53	Security deposit	1-2 年	357,738.00
Zhejiang Zhixin Holding Group Co., Ltd.	2,280,000.00	5.29	Security deposit	3 年以上	2,280,000.00
Hengdian Group DMEGC	1,800,000.00	4.17	Security deposit	3 年以上	1,800,000.00
Total	30,902,040.00	71.66	/	/	8,534,094.00

(7). Presented in other accounts receivable due to centralized management of funds

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

10. Inventory**(1). Inventory classification**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for decline in value of inventories/impairment of contractual performance costs	Book value	Carrying amount	Provision for decline in value of inventories/impairment of contractual performance costs	Book value
Raw materials	382,050,138.81	2,282,039.37	379,768,099.44	294,307,561.47		294,307,561.47
Goods in process	144,482,174.46	22,545,537.03	121,936,637.43	487,770,519.39	7,928,894.74	479,841,624.65
Merchandise in stock	546,374,262.17	36,287,028.84	510,087,233.33	429,660,268.83	37,652,707.90	392,007,560.93
Revolving materials						
Expendable Biological Assets						
Contract performance costs	271,840,370.74		271,840,370.74	128,878,866.95		128,878,866.95
Issuance of goods	1,669,464,535.63	39,983,932.47	1,629,480,603.16	1,654,492,559.83	48,051,256.47	1,606,441,303.36
Total	3,014,211,481.81	101,098,537.71	2,913,112,944.10	2,995,109,776.47	93,632,859.11	2,901,476,917.36

(2). Data resources recognized as inventory

□Applicable √Not Applicable

(3). Provision for decline in value of inventories and impairment of contractual performance costs

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Other	Reversal or write-off	Other	
Raw materials		2,282,039.37				2,282,039.37
Goods in process	7,928,894.74	14,616,642.29				22,545,537.03
Merchandise in stock	37,652,707.90	10,081,378.87		11,447,057.93		36,287,028.84
Revolving materials						
Expendable Biological Assets						
Contract performance costs						
Issuance of goods	48,051,256.47	8,083,454.95		16,150,778.95		39,983,932.47
Total	93,632,859.11	35,063,515.48		27,597,836.88		101,098,537.71

Reasons for reversal or write-off of provision for decline in inventories during the period

☒Applicable ☐Not Applicable

Applicable / Not Applicable		
Item	Basis for determining the net realizable value	Reasons for the provision for inventory depreciation through resale
Raw materials	The net realizable value is determined by subtracting the estimated cost till completion, the estimated sales expenses, and related taxes from the estimated selling price of the relevant finished products.	Inventory that has been provisioned for inventory depreciation has been consumed/sold in this period.
Goods in process		
Merchandise in stock	The net realizable value is determined by subtracting the estimated sales expenses and related taxes from the estimated selling price of inventory.	
Issuance of goods		

Provision for decline in inventories by portfolio

☐Applicable ☒Not Applicable

Criteria for provision for decline in inventories by portfolio

☐Applicable ☒Not Applicable

(4). Amount of Borrowing Costs capitalized included in the closing balance of inventories and the criteria and basis for their calculation

☐Applicable ☒Not Applicable

(5). Explanation of the amortization amount of contract performance costs for the period

☒Applicable ☐Not Applicable

Item	Opening balance	Increase in the current period	Amortization in this period	Provision for impairment in this period	Closing balance
Freight, lifting fees, and storage fees	36,400,871.49	104,882,391.72	44,313,804.81		96,969,458.40
Tariff	92,477,995.46	139,056,226.00	56,663,309.12		174,870,912.34
Subtotal	128,878,866.95	243,938,617.72	100,977,113.93		271,840,370.74

Other notes

☐Applicable ☒Not Applicable

11. Assets held for sale

☐Applicable ☒Not Applicable

12. Non-current assets due within one year

☐Applicable ☒Not Applicable

Debt investments maturing within one year

☐Applicable ☒Not Applicable

Other debt investments maturing within one year

☐Applicable ☒Not Applicable

Other notes on non-current assets due within one year
None.

13. Other current assets

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Contract acquisition costs		
Returns receivable cost		
Advance payment of VAT		5,799,666.36
Prepayment of enterprise income tax	80,791.34	83,846.29
Input tax to be offset	5,508,910.23	2,356,983.39
Other amortized expenses		2,230,139.98
Prepayment of individual income tax	330,349.00	
Total	5,920,050.57	10,470,636.02

Other notes
None.

14. Debt investments**(1). Status of debt investments**

☐Applicable ☒Not Applicable

Changes in provision for impairment of debt investments in the current period
☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

(3). Provision for impairment

☐Applicable ☒Not Applicable

Basis of classification of each stage and the percentage of provision for impairment:
Please refer to section X Note V.11.

Description of significant changes in the carrying amount of debt investments for which a change in the provision for losses occurred during the period:
☐Applicable ☒Not Applicable

The amount of the provision for impairment for the period and the basis used to assess whether there has been a significant increase in the credit risk of the financial instrument
☐Applicable ☒Not Applicable

(4). Debt investments actually written-off during the period

☐Applicable ☒Not Applicable

Of which significant write-offs of debt investments
☐Applicable ☒Not Applicable

Description of write-offs of debt investments:

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

15. Other debt investments

(1). Status of other debt investments

☐Applicable ☒Not Applicable

Changes in provision for impairment of other debt investments in the current period

☐Applicable ☒Not Applicable

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

☐Applicable ☒Not Applicable

(3). Provision for impairment

☐Applicable ☒Not Applicable

Basis of classification of each stage and the percentage of provision for impairment:

Please refer to section X Note V.11.

Description of significant changes in the carrying amount of other debt investments for which a change in the provision for losses occurred during the period:

☐Applicable ☒Not Applicable

The amount of the provision for impairment for the period and the basis used to assess whether there has been a significant increase in the credit risk of the financial instrument

☐Applicable ☒Not Applicable

(4). Other debt investments actually written off during the period

☐Applicable ☒Not Applicable

Of which significant write-offs of other debt investments

☐Applicable ☒Not Applicable

Description of write-offs of other debt investments:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

16. Long-term receivables

(1). Status of long-term receivables

☐Applicable ☒Not Applicable

(2). Disclosure by bad debt provision method

☐Applicable ☒Not Applicable

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

(3). Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of long-term receivables for which a change in the allowance for losses has occurred during the period:

☐Applicable ☒Not Applicable

The amount of provision for bad debts for the period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument

☐Applicable ☒Not Applicable

(4). Provision for bad debts

☐Applicable ☒Not Applicable

Where the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

(5). Long-term receivables actually written off during the period

☐Applicable ☒Not Applicable

Of which significant write-offs of long-term receivables

☐Applicable ☒Not Applicable

Instructions on write-off of long-term receivables:

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

17. Long-term equity investments

(1). Status of long-term equity investments

☐Applicable ☒Not Applicable

(2). Impairment test of long-term equity investments

☒Applicable ☐Not Applicable

Recoverable amount determined based on the net of fair value less costs of disposal

☐Applicable ☒Not Applicable

Recoverable amount determined based on the present value of the expected future cash flows

☐Applicable ☒Not Applicable

Reasons for differences between the foregoing information and information used for impairment test in previous years or external information that is clearly inconsistent with the information

☐Applicable ☒Not Applicable

Reasons for differences between the information used in the Company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent

☐Applicable ☒Not Applicable

Other notes

None.

18. Investments in other equity instruments**(1). Investments in other equity instruments**

☐Applicable ☒Not Applicable

(2). Explanation of the existence of derecognition during the period

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

19. Other non-current financial assets

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

20. Investment property

Investment property measurement model

Not applicable

21. Fixed Assets**Item presentation**

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed Assets	1,168,467,242.98	1,264,096,156.79
Liquidation of Fixed Assets		
Total	1,168,467,242.98	1,264,096,156.79

Other notes:

☐Applicable ☒Not Applicable

Fixed Assets**(1). Fixed assets**

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Houses and buildings	General equipment	Special equipment	Transportation tools	Other equipment	Total
I. Original Book value:						
1. Opening balance	1,128,237,721.53	36,165,966.67	291,722,107.13	26,928,897.25	47,260,326.29	1,530,315,018.87

2. Increase during the period	11,713,380.39	868,957.41	1,335,398.22	4,007,630.44	2,159,037.08	20,084,403.54
(1) Acquisition	4,834,532.45	868,957.41	1,335,398.22	3,989,041.76	2,158,979.38	13,186,909.22
(2) Transfer from construction in progress	6,878,847.94					6,878,847.94
(3) Increase in business combinations						
				18,588.68	57.70	18,646.38
	13,564,301.64	1,474,545.48	153,367.12	706,661.33		15,898,875.57
3. Decrease during the period			55,164.63	501,214.50		556,379.13
(1) Disposal or scrapping	13,564,301.64	1,474,545.48	98,202.49	205,446.83		15,342,496.44
4. Closing balance	1,126,386,800.28	35,560,378.60	292,904,138.23	30,229,866.36	49,419,363.37	1,534,500,546.84
II. Accumulated depreciation						
1. Opening balance	122,759,099.31	12,272,609.38	92,155,387.85	16,382,904.10	22,648,861.44	266,218,862.08
2. Increase during the period	55,323,482.79	5,175,842.44	26,913,397.22	3,910,101.44	10,032,436.09	101,355,259.98
(1) Withdrawal	55,323,482.79	5,175,842.44	26,913,397.22	3,910,101.44	10,032,425.44	101,355,249.33
					10.65	10.65
	849,912.25	137,659.47	11,652.08	541,594.40		1,540,818.20
3. Decrease during the period			6,987.52	476,153.78		483,141.30
(1) Disposal or scrapping	849,912.25	137,659.47	4,664.56	65,440.62		1,057,676.90
4. Closing balance	177,232,669.85	17,310,792.35	119,057,132.99	19,751,411.14	32,681,297.53	366,033,303.86
III. Provision for impairment						
1. Opening balance						
2. Increase during the period						
(1) Withdrawal						
3. Decrease during the period						
(1) Disposal or scrapping						
4. Closing balance						
IV. Book value						
1. Closing Book value	949,154,130.43	18,249,586.25	173,847,005.24	10,478,455.22	16,738,065.84	1,168,467,242.98
2. Opening Book value	1,005,478,622.22	23,893,357.29	199,566,719.28	10,545,993.15	24,611,464.85	1,264,096,156.79

(2). Status of temporarily idle fixed assets

□Applicable √Not Applicable

(3). Fixed assets leased out through operating leases

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing book value
Houses and buildings	16,992,238.42
Subtotal	16,992,238.42

(4). Status of fixed assets for which the title deeds have not been issued

□Applicable √Not Applicable

(5). Impairment test of fixed assets

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

Liquidation of Fixed Assets

□Applicable √Not Applicable

22. Construction in progress**Item presentation**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	59,296,921.42	
Engineering materials		
Total	59,296,921.42	

Other notes:

□Applicable √Not Applicable

Construction in progress**(1). Status of construction in progress**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
No.9 Hangke Intelligent Factory and Automated Logistics Production Line Construction Project	57,139,416.93		57,139,416.93			

Miscellaneous equipment payments	2,157,504.49		2,157,504.49			
Total	59,296,921.42		59,296,921.42			

(2). Changes in significant construction-in-progress projects during the period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Project name	Budgeted number	Open ing balance	Increase during the period	Amou nts transf erred to fixed assets durin g the period	Other decre ases durin g the perio d	Closing balance	Cumul ative invest ment in works as a percent age of budget (%)	Proje ct progr ess	Accumu lated amount of interest capitaliz ed	Where : Amou nt of interes t capital ized during the period	Current interest capitaliz ation rate (%)	Sou rce of fun ds
No.9 Hangke Intelligent Factory and Automated Logistics Production Line Construction Project	111,926,605.50		57,139,416.93			57,139,416.93	51.05	60.00%				自有资金
Total	111,926,605.50		57,139,416.93			57,139,416.93	/	/			/	/

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

□Applicable √Not Applicable

(4). Impairment test of construction in progress

□Applicable √Not Applicable

Other notes

□Applicable √Not Applicable

Engineering materials**(1). Status of engineering materials**

□Applicable √Not Applicable

23. Productive Biological Assets**(1). Productive Biological Assets using the cost measurement model**

□Applicable √Not Applicable

(2). Impairment test of productive biological assets using the cost measurement model

□Applicable √Not Applicable

(3). Productive biological assets using the fair value measurement model

□Applicable √Not Applicable

Other notes

☐Applicable ☒Not Applicable**24. Oil and Gas Assets****(1) Status of oil and gas assets**☐Applicable ☒Not Applicable**(2) Impairment test of oil and gas assets**☐Applicable ☒Not Applicable

Other notes:

None.

25. Right-of-use assets**(1) Status of right-of-use assets**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Building	Total
I. Original Book value		
1. Opening balance	11,386,767.46	11,386,767.46
2. Increase during the period	2,107,555.58	2,107,555.58
1) Rents	2,107,555.58	2,107,555.58
3. Decrease during the period		
4. Closing balance	13,494,323.04	13,494,323.04
II. Accumulated depreciation		
1. Opening balance	9,172,673.90	9,172,673.90
2. Increase during the period	3,970,389.86	3,970,389.86
(1) Withdrawal	3,970,389.86	3,970,389.86
3. Decrease during the period		
(1) Disposal		
4. Closing balance	13,143,063.76	13,143,063.76
III. Provision for impairment		
1. Opening balance		
2. Increase during the period		
(1) Withdrawal		
3. Decrease during the period		
(1) Disposal		

4. Closing balance		
IV. Book value		
1. Closing Book value	351,259.28	351,259.28
2. Opening Book value	2,214,093.56	2,214,093.56

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

□Applicable √Not Applicable

Other notes:

None.

26. Intangible Assets**(1). Status of Intangible Assets**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Land use right	Patent right	Non-patented technology	Software	Total
I. Original Book value					
1. Opening balance	187,924,390.46			28,248,723.15	216,173,113.61
2. Increase during the period	22,360,000.00			171,681.42	22,531,681.42
(1) Acquisition	22,360,000.00			171,681.42	22,531,681.42
(2) In-house R&D					
(3) Increase in business combinations					
3. Decrease during the period					
(1) Disposal					
4. Closing balance	210,284,390.46			28,420,404.57	238,704,795.03
II. Accumulated amortization					
1. Opening balance	19,034,887.56			12,266,089.59	31,300,977.15
2. Increase during the period	6,454,927.57			3,888,319.40	10,343,246.97
(1) Withdrawal	6,454,927.57			3,888,319.40	10,343,246.97
3. Decrease during the period					
(1) Disposal					
4. Closing balance	25,489,815.13			16,154,408.99	41,644,224.12
III. Provision for impairment					
1. Opening balance					
2. Increase during the period					
(1) Withdrawal					

3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing Book value	184,794,575.33			12,265,995.58	197,060,570.91
2. Opening Book value	168,889,502.90			15,982,633.56	184,872,136.46

The proportion of Intangible Assets formed through in-house research and development to the balance of Intangible Assets at the end of the period was 0%.

(2). Data resources recognized as intangible assets

☐Applicable ☒Not Applicable

(3). Status of land-use rights for which the title deeds have not been issued

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Book value	Reasons for non-completion of title deeds
No.9 Hangke Intelligent Factory and Automated Logistics Production Line Construction Project Land	22,099,133.33	No.9 Hangke Intelligent Factory and Automated Logistics Production Line Construction Project is not yet completed.
Subtotal	22,099,133.33	

(3) Impairment test of intangible assets

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

27. Goodwill

(1). Original book value of goodwill

☐Applicable ☒Not Applicable

(2). Provision for impairment of goodwill

☐Applicable ☒Not Applicable

(3). Information about the asset group or portfolio of asset groups in which the goodwill is located

☐Applicable ☒Not Applicable

Changes in asset groups or portfolio of asset groups

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

(4). Specific determination of recoverable amount

The recoverable amount is determined based on the net of fair value less costs of disposal.

☐Applicable ☒Not Applicable

The recoverable amount is determined based on the present value of the expected future cash flows.

☐Applicable ☒Not Applicable

Reasons for differences between the foregoing information and information used for impairment test in previous years or external information that is clearly inconsistent with the information

☐Applicable ☒Not Applicable

Reasons for differences between the information used in the Company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent

☐Applicable ☒Not Applicable

(5). Performance commitments and corresponding goodwill impairment

Performance commitments existed at the time goodwill was formed and are within the performance commitment period for the reporting period or the previous period of the reporting period

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

28. Long-term amortized expenses

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Amortization for the period	Other decreases	Closing balance
Renovation cost	7,694,246.43	946,375.50	3,215,902.35	327,034.56	5,097,685.02
Other	3,486,758.00		632,346.00		2,854,412.00
Total	11,181,004.43	946,375.50	3,848,248.35	327,034.56	7,952,097.02

Other notes:

Other decrease in this period is due to the impact of foreign currency translation.

29. Deferred income tax assets/deferred income tax liabilities**(1). Deferred income tax assets not offset**

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for impairment of assets	666,971,398.26	99,829,963.26	531,936,576.69	79,981,196.25
Unrealized profit on internal transactions				
Deductible losses				
Equity incentive expense				
Deferred income	39,911,270.42	5,986,690.56	23,863,491.77	3,579,523.77
Lease liabilities	140,990.35	21,148.55	2,169,004.49	325,350.67

Fair value changes	2,179,828.82	326,974.32	1,948,657.48	292,298.62
Total	709,203,487.85	106,164,776.69	559,917,730.43	84,178,369.31

(2). Deferred income tax liabilities not offset

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appraisal of appreciation of assets in non-same-control business combinations				
Changes in fair value of other debt investments				
Changes in fair value of investments in other equity instruments				
Differences in depreciation of fixed assets	30,608,658.97	4,591,298.85	35,827,319.83	5,374,097.97
Differences in depreciation of right-of-use assets	351,259.28	52,688.89	2,214,093.56	332,114.03
Equity incentive expense	4,752,325.34	712,848.80	3,046,237.49	456,935.63
Total	35,712,243.59	5,356,836.54	41,087,650.88	6,163,147.63

(3). Deferred income tax assets or liabilities, net of offsets

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amounts of deferred tax assets and liabilities offset at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Deferred tax assets and liabilities offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred income tax assets	5,356,836.54	100,807,940.15	6,163,147.63	78,015,221.68
Deferred income tax liabilities	5,356,836.54		6,163,147.63	

(4). Unrecognized deferred income tax assets

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	14,726,929.73	11,128,153.09
Deductible losses	58,990,505.56	41,717,362.30
Total	73,717,435.29	52,845,515.39

(5). The deductible losses for which no deferred income tax assets have been recognized will expire in the following years

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Year	Closing amount	Opening balance	Remarks
2029	103,789.03	714,849.78	
2030	5,614,937.89	5,614,937.89	
2031	8,133,964.16	8,133,964.16	
2032	12,660,193.11	12,660,193.11	
2032 and after	32,477,621.37	14,593,417.36	
Total	58,990,505.56	41,717,362.30	/

Other notes:

□Applicable √Not Applicable

30. Other non-current assets

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Contract acquisition costs						
Contract performance costs						
Returns receivable cost						
Contract Assets	61,508,710.00	9,434,010.50	52,074,699.50	77,563,250.87	14,233,162.54	63,330,088.33
Prepayments for acquisition of long-term assets	1,698,926.78		1,698,926.78	4,212,626.81		4,212,626.81
Total	63,207,636.78	9,434,010.50	53,773,626.28	81,775,877.68	14,233,162.54	67,542,715.14

Other notes:

None.

31. Assets with restricted ownership or use right

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	End of the period				Beginning of the period			
	Carrying amount	Book value	Type of restriction	Restrictions	Carrying amount	Book value	Type of restriction	Restrictions
Monetary	360,293,736.45	360,293,736.45	Pledges	Pledge and	397,331,426.33	397,331,426.33	Pledges	Pledge of

funds				freezing of guarant ees, bankers' accepta nce deposits and bank deposits				guarant ees, bankers' accepta nce deposits and time deposits
Notes Receiv able								
Invento ry								
Of which: Data resourc es								
Fixed Assets								
Intangi ble Assets								
Of which: Data resourc e								
Total	360,293,7 36.45	360,293,7 36.45	/	/	397,331,4 26.33	397,331,4 26.33	/	/

Other notes:

None.

32. Short-term loans

(1). Classification of short-term loans

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Loan on pledge		
Secured loan		
Guaranteed Borrowing		
Credit loan		
Discounted outstanding bankers' acceptances	7,460,020.44	14,516,000.00
Total	7,460,020.44	14,516,000.00

Note on the classification of short-term loans:

None.

(2). Status of overdue short-term loans

☐Applicable ☒Not Applicable

Of which significant short-term loans overdue but unpaid are as follows:

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

33. Financial liabilities held for trading

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

34. Derivative financial liabilities

☐Applicable ☒Not Applicable

35. Notes payable

(1). Presentation of notes payable

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial promissory note	32,356,130.84	30,323,265.62
Banker's acceptance	839,556,159.82	985,238,870.63
Total	871,912,290.66	1,015,562,136.25

Notes payable totaling RMB 0 were due but unpaid at the end of the period. The reason for the due and unpaid amount is: None.

36. Accounts payable

(1). Presentation of accounts payable

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Purchase of materials	1,026,202,685.32	1,487,550,264.77
Payment for equipment work	43,594,899.86	61,845,477.39
Other	8,105,638.02	13,190,749.92
Total	1,077,903,223.20	1,562,586,492.08

(2). Significant accounts payable aged over one year or overdue

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for non-reimbursement or carry-over
Hefei Guosheng Battery Technology Co., Ltd.	17,699,115.04	Not yet settled
Jiangsu Huayi Zhongheng Metal Technology Development Co., Ltd	11,558,433.63	Not yet settled
Shanghai Yongqian Mechanical & Electrical Co., Ltd.	10,503,133.87	Not yet settled
Total	39,760,682.54	/

Other notes

☐Applicable ☒Not Applicable

37. Advance receipts**(1). Presentation of advance receipts**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Rent	584,600.00	560,000.00
Total	584,600.00	560,000.00

(2). Significant advance receipts aged over one year

□Applicable √Not Applicable

(3). Amounts and reasons for significant changes in book value during the reporting period

□Applicable √Not Applicable

Other notes

□Applicable √Not Applicable

38. Contract liabilities**(1). Contract liabilities**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Payment for goods	2,441,110,317.38	2,239,109,626.13
Total	2,441,110,317.38	2,239,109,626.13

(2). Significant contract liabilities aged over one year

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reasons for non-reimbursement or carry-over
Blue Oval SK Co., Ltd.	260,211,211.17	The project has not been accepted yet.
Jiangyin Ruitai Electronics Technology Co., Ltd	140,976,542.09	The project has not been accepted yet.
Hive Energy Technology (Maanshan) Co., Ltd.	59,934,159.29	The project has not been accepted yet.
Shandong Huitong Financial Leasing Co., Ltd	46,113,769.91	The project has not been accepted yet.
Exide Energy Solutions	45,256,533.30	The project has not been accepted yet.
Hive Energy Technology (Yancheng) Co., Ltd.	38,911,911.50	The project has not been accepted yet.
Total	591,404,127.26	/

(3). Amounts and reasons for significant changes in book value during the reporting period

□Applicable √Not Applicable

Other notes

□Applicable √Not Applicable

39. Employee remuneration payable**(1). Presentation of employee remuneration payable**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Short-term remuneration	34,353,950.98	495,038,980.24	497,670,455.28	31,722,475.94
II. Post-employment benefits -- defined contribution plans		36,770,773.01	36,770,773.01	
Total	34,353,950.98	531,809,753.25	534,441,228.29	31,722,475.94

(2). Presentation of short-term remuneration

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
I. Wages, bonuses, allowances and subsidies	34,347,632.40	441,622,474.67	444,253,771.83	31,716,335.24
II. Employee benefit costs		4,290,901.21	4,290,901.21	
III. Social security contributions	6,318.58	27,062,807.28	27,062,985.16	6,140.70
Where: medical insurance premiums	6,318.58	25,236,948.21	25,237,126.09	6,140.70
Employment injury insurance premiums		1,825,859.07	1,825,859.07	
Maternity insurance premiums				
IV. Housing Provident Fund		16,823,217.28	16,823,217.28	
V. Funds for trade unions and staff education		5,239,579.80	5,239,579.80	
VI. Short-term paid absences				
VII. Short-term profit-sharing schemes				
Total	34,353,950.98	495,038,980.24	497,670,455.28	31,722,475.94

(3). Presentation of the defined benefit plan

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance		35,502,815.32	35,502,815.32	
2. Unemployment insurance premiums		1,267,957.69	1,267,957.69	
3. Contributions to enterprise annuities				
Total		36,770,773.01	36,770,773.01	

Other notes

□Applicable √Not Applicable

40. Taxes payable

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	11,783,585.43	302,078.31
Sales tax		
Business tax		
Corporate income tax	13,634,051.33	75,189,390.31
Personal income tax	57,595.16	478,550.42
Urban maintenance and construction tax	290,942.66	957,920.52
Property tax	8,910,699.08	7,392,022.70
Education surcharge	124,689.71	410,537.36
Local education surcharge	83,126.47	273,691.58
Stamp tax		1,779,737.23
Land use tax	1,038,249.33	512.00
Total	35,922,939.17	86,784,440.43

Other notes:

None.

41. Other accounts payable**(1).Item presentation**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Other accounts payable	9,963,259.86	8,469,552.89
Total	9,963,259.86	8,469,552.89

Other notes:

□Applicable √Not Applicable

(2).Interest payable

Categorized presentation

□Applicable √Not Applicable

Significant overdue interest payable:

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

(3).Dividend payable

Categorized presentation

□Applicable √Not Applicable

(4).Other accounts payable

Presentation of other accounts payable by nature of payment

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deposit Guarantee	848,011.90	687,937.19
Costs payable	5,487,222.81	2,503,407.60
Suspense accounts payable	403,497.61	941,634.74

Refund receivable in suspense	3,224,527.54	2,967,786.09
Late payment of taxes payable		1,368,787.27
Total	9,963,259.86	8,469,552.89

Significant other accounts payable aged over one year or overdue

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

42. Liabilities held for sale

☐Applicable ☒Not Applicable

43. Non-current liabilities due within one year

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year		
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Lease liabilities due within 1 year		2,028,014.09
Total		2,028,014.09

Other notes:

None.

44. Other current liabilities

Other current liabilities

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Returns payable		
Sales tax to be transferred	52,173,384.41	66,695,840.81
Endorsed outstanding Notes Receivable (not derecognized)	20,795,374.90	34,922,493.19
Accruals	15,218,327.33	16,242,012.15
Total	88,187,086.64	117,860,346.15

Increase or decrease in bonds payable:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

45. Long-term loans

(1). Classification of long-term loans

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

46. Bonds payable

(1). Bonds payable

☐Applicable ☒Not Applicable

(2). Details of bonds payable: (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

☐Applicable ☒Not Applicable

(3). Description of convertible bonds

☐Applicable ☒Not Applicable

Accounting for transfers of equity and basis of judgment

☐Applicable ☒Not Applicable

(4). Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period

☐Applicable ☒Not Applicable

Statement of changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

☐Applicable ☒Not Applicable

Description of the basis on which other financial instruments are classified as financial liabilities:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

47. Lease liabilities

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Outstanding lease payments		2,142,857.14
Less: unrecognized financing costs		114,843.05
Reclassification to non-current liabilities due within one year		2,028,014.09
Total		

Other notes:

None.

48. Long-term accounts payable

Item presentation

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Long-term accounts payable**(1). Presentation of long-term accounts payable by nature of payment**

□Applicable √Not Applicable

Special accounts payable**(1). Presentation of special accounts payable by nature of payment**

□Applicable √Not Applicable

49. Long-term employee remuneration payable

□Applicable √Not Applicable

50. Estimated liability

□Applicable √Not Applicable

51. Deferred income

Status of deferred income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Reason for formation
Government grant	23,863,491.77	22,571,001.26	6,523,222.61	39,911,270.42	Government grants related to assets are amortized over the useful life of the assets
Total	23,863,491.77	22,571,001.26	6,523,222.61	39,911,270.42	/

Other notes:

□Applicable √Not Applicable

52. Other non-current liabilities

□Applicable √Not Applicable

53. Capital stock

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

	Opening balance	Increase/decrease in current period (+, i)					Closing balance
		Issuance of new share	Share grant	Provident fund transfer stock	Other	Subtotal	
Total number of shares	603,672,152.00						603,672,152.00

Other notes:

None.

54. Other equity instruments**(1). Basic information on other financial instruments such as preferred shares and perpetual bonds issued and outstanding at the end of the period**

□Applicable √Not Applicable

(2). Statement of changes in preferred shares, perpetual bonds and other financial instruments issued and outstanding at the end of the period

□Applicable √Not Applicable

Changes in other equity instruments during the period, explanation of the reasons for such changes, and the basis for the related accounting treatment:

□Applicable √Not Applicable

Other notes.

□Applicable √Not Applicable

55. Capital reserve

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (equity premium)	2,342,986,899.53			2,342,986,899.53
Other capital reserve	16,843,093.74	778,128.40	6,893,610.52	10,727,611.62
Total	2,359,829,993.27	778,128.40	6,893,610.52	2,353,714,511.15

Other notes, including increases or decreases during the period and explanations of the reasons for the changes:

1) The Company implements equity settled share-based payment, and the confirmed share-based payment expense for this period is -6,893,610.52 yuan.

2) The increase of the 778,128.40 yuan in this period is due to the pre-tax deductible amount of share-based payments being higher than the current income tax impact of cost expenses recognized in accordance with the provisions of the Enterprise Accounting Standards.

56. Treasury stock

□Applicable √Not Applicable

57. Other comprehensive income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amount incurred during the period						Closing balance
		Occurrence before income tax for the period	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the current period	Less: Amount previously included in other comprehensive income and transferred to retained earnings in the current period	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other								

comprehensive income that cannot be reclassified to profit or loss								
Where: remeasurement of changes in defined benefit plans								
Other comprehensive income not transferable to profit or loss under the equity method								
Changes in fair value of investments in other equity instruments								
Changes in fair value of the enterprise's own credit risk								
II. Other comprehensive income to be reclassified to profit or loss	7,227,980.88	- 2,697,884.98				- 2,697,884.98		4,530,095.90
Where: Other comprehensive income available for transfer to profit or loss under the equity method								
Changes in fair value of other debt investments								
Amounts reclassified from financial assets to other comprehensive income								

Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Translation differences on foreign currency financial statements	7,227,980.88	- 2,697,884.98				- 2,697,884.98		4,530,095.90
Total other comprehensive income	7,227,980.88	- 2,697,884.98				- 2,697,884.98		4,530,095.90

Other notes, including adjustments to the effective portion of cash flow hedge gains and losses transferred to the initial recognized amount of the hedged item:

None.

58. Special reserves

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production costs	207,647.09	6,529,206.75	6,666,084.78	70,769.06
Total	207,647.09	6,529,206.75	6,666,084.78	70,769.06

Other notes, including increases or decreases during the period and explanations of the reasons for the changes:

Pursuant to the requirements of Circular Cai Capital [2022] 136 "On the Issuance of Administrative Measures for the Extraction and Use of Enterprise Safe Production Expenses" issued by the Ministry of Finance and the Ministry of Emergency Response, which became effective on November 21, 2022, the Group is required to make accruals for safe production expenses in accordance with the relevant provisions.

59. Surplus reserve

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory surplus reserve	271,191,623.48	30,644,452.52		301,836,076.00
Arbitrary surplus reserves				
Reserve fund				
Enterprise development fund				
Other				
Total	271,191,623.48	30,644,452.52		301,836,076.00

Description of surplus reserve, including any increase or decrease during the period, and description of the reasons for the change:

The increase was due to the provision of statutory surplus reserves at 10% of the net profit realized by the parent company for the period. Companies that have accumulated statutory surplus reserves exceeding 50% of their registered capital may choose not to withdraw the statutory surplus reserves .

60. Undistributed profit

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	The current period	The previous period
Undistributed profit at the end of the previous period before adjustments	1,876,935,053.36	1,346,492,128.33
Adjustments to the total Undistributed profits at the Beginning of the period (upward +, downward -)		
Adjustments to opening unappropriated profit after the period	1,876,935,053.36	1,346,492,128.33
Add: Net profit attributable to owners of the parent company for the period	326,336,354.34	809,090,505.69
Less: Withdrawal of legal surplus reserve	30,644,452.52	79,435,770.60
Withdrawal of Surplus reserve at will		
Provision for general risks		
Dividends payable on ordinary shares	271,652,468.40	199,211,810.06
Dividends on ordinary shares transferred to equity		
Undistributed profit at the end of the period	1,900,974,486.78	1,876,935,053.36

Adjustment of undistributed profit details at the beginning of the period:

1. Retrospective adjustments due to the Accounting Standards for Business Enterprises (ASBE) and its related new regulations affected the undistributed profit at the beginning of the period by RMB 0.
2. As a result of the change in accounting policy, the impact on the undistributed profit at the beginning of the period was RMB 0.
3. As a result of the correction of significant accounting errors, the impact on the undistributed profit at the beginning of the period was RMB 0.
4. The change in the scope of consolidation due to the same control affected the undistributed profit at the beginning of the period by RMB 0.
5. Other adjustments in total affected the undistributed profit at the beginning of the period by RMB 0.

Common stock dividends paid: According to the resolution of the Company's 2023 annual shareholders' meeting held on May 17, 2024, cash dividends for the year of 2023 were distributed, with a cash dividend of RMB0.34 per share (tax inclusive), totaling RMB205,248,531.68 in cash dividends; and according to the resolution of the Company's first extraordinary shareholders' meeting held on September 19, 2024, cash dividends for the first half of 2024 were distributed, with a cash dividend of RMB0.11 per share (tax inclusive), totaling RMB66,403,936.72 in cash dividends, and in summary, a total of RMB271,652,468.40 in cash dividends were distributed.

61. Operating income and operating costs

(1). Operating incomes and operating costs

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in previous period	
	Incomes	Costs	Incomes	Costs

Main business	2,956,528,398.34	2,046,397,289.21	3,891,013,361.75	2,482,860,277.71
Other business	24,626,036.20	943,573.73	40,705,669.72	698,874.13
Total	2,981,154,434.54	2,047,340,862.94	3,931,719,031.47	2,483,559,151.84

(2). Breakdown of operating income and operating costs

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Contract classification	Total	
	Operating income	Operating costs
Type of commodity		
Charging and discharging equipment	2,584,475,593.04	1,775,713,131.49
Other equipment	349,195,306.90	259,864,390.38
Accessories	22,857,498.40	10,819,767.34
Other	24,626,036.20	943,573.73
By business area		
Within the border	2,026,020,276.04	1,451,541,643.29
Abroad	955,134,158.50	595,799,219.65
Type of market or customer		
Type of contract		
Classification by time of transfer of goods		
Product (transferred at a certain time point)	2,976,461,824.49	2,046,397,289.21
Revenue recognized based on the performance progress	4,692,610.05	943,573.73
Classification by contract duration		
Classification by sales channel		
Total	2,981,154,434.54	2,047,340,862.94

Other notes

√Applicable □Not Applicable

Revenue recognized in the current period included in the opening book value of contract liabilities was RMB 1,417,772,144.35.

(3). Description of performance obligations

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Time for fulfilling performance obligations	Important payment terms	Nature of the goods that the Company commits to transfer	Whether or not the primary responsible person	Company's share of expected refunds to customers	Types of quality assurance offered by the Company and related obligations
Sales of goods	Upon acceptance	Prepayment, payment for shipment,	Charging and discharging	Yes	/	Guaranteed quality assurance

		acceptance payment, warranty payment	g equipment, other equipment			
Provision of services	Upon completion of service	Payment after service is provided	Repair and renovation	Yes	/	None
Total	/	/	/	/	/	/

(4). Statement of apportionment to remaining performance obligations

☐Applicable ☒Not Applicable

(5). Significant contract changes or significant transaction price adjustments

☐Applicable ☒Not Applicable

Other notes:

None.

62. Taxes and surcharges

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Sales tax		
Business tax		
Urban maintenance and construction tax	13,446,004.80	12,882,074.99
Education surcharge	5,762,573.48	5,520,889.28
Resource tax		
Property tax	9,528,752.10	10,343,197.45
Land use tax	2,015,226.81	512.00
Vehicle use tax (VUT)	24,692.45	20,074.95
Non-residential property	1,725,147.40	4,197,748.54
Local education surcharge	3,841,715.64	3,680,592.88
Other		
Total	36,344,112.68	36,645,090.09

Other notes:

None.

63. Sales expenses

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Remuneration of employees	46,048,451.96	51,568,800.63
Travel costs	9,410,636.39	13,864,328.00
Rent and utilities	6,368,412.35	8,163,475.06
Business hospitality	2,717,141.25	5,471,551.99
Advertising and exhibition costs	437,844.03	828,357.96
Office expenses	416,093.07	475,824.34
Other	4,242,260.71	6,474,855.48
Total	69,640,839.76	86,847,193.46

Other notes:

None.

64. Administration expenses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Remuneration of employees	81,841,611.99	87,939,418.32
Depreciation and amortization expense	45,556,581.55	34,301,669.03
Travel costs	15,743,724.05	21,378,426.03
Office expenses	18,640,163.2	13,791,203.08
Intermediary service fees	14,802,212.6	12,770,043.65
Rent and utilities	5,349,254.20	6,870,441.23
Employment guarantee fund for persons with disabilities	445,509.87	5,621,704.03
Business hospitality	1,552,665.27	4,676,823.26
Transportation and car expenses	1,141,232.58	927,880.45
Share-based payment	-6,893,610.52	-27,427,566.55
Other	14,939,966.30	8,313,998.46
Total	193,119,311.09	169,164,040.99

Other notes:

None.

65. R&D expenses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Remuneration of employees	176,514,141.23	161,662,964.88
Materials and testing fees	32,674,840.88	55,133,629.78
Travel costs	38,029,174.12	20,742,031.93
Other	9,927,936.09	6,024,931.88
Total	257,146,092.32	243,563,558.47

Other notes:

None.

66. Financial expenses

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Interest income	-98,833,845.76	-92,479,510.29
Operating interest rate subsidy	961,750.54	137,689.72
Currency exchange losses	11,484,772.11	-70,434,610.77
Service charges	2,168,758.93	4,143,410.24
Unrecognized financing costs	150,144.60	445,036.05
Interest expenses		
Cash discount		
Total	-84,068,419.58	-158,187,985.05

Other notes:

None.

67. Other gains

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Classification by nature	Amount incurred in the current period	Amount incurred in previous period
Government grants related to assets	6,523,222.61	4,575,085.20
Government grants related to revenue	35,951,164.37	102,575,333.51
Additional deduction of input tax	7,837,431.41	13,606,262.39
Reimbursement of service charges for personal income tax withholding	937,782.04	553,563.20
Total	51,249,600.43	121,310,244.30

Other notes:

None.

68. Investment income

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Income from long-term equity investments accounted for by the equity method		
Investment income from disposal of long-term equity investments		
Investment income from trading financial assets during the holding period		
Dividend income earned on investments in other equity instruments during the holding period		
Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Income from financial products	1,009,726.03	2,439,369.87
Loss on discounting of receivables financing	-1,174,872.58	-2,025,381.87
Loss on discounted Notes Receivable		-131,234.45
Investment income on options	83,541.00	-5,313,254.44
Investment income obtained from disposing financial assets held for trading	755,203.47	
Total	673,597.92	-5,030,500.89

Other notes:

None.

69. Gains on net exposure hedging

☐Applicable ☒Not Applicable

70. Gain on change in fair value

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Sources that generate gains from changes in fair value	Amount incurred in the current period	Amount incurred in previous period
Financial assets held for trading	-1,419,171.34	-2,545,185.28
Where: Gain on changes in fair value arising from derivative financial instruments		
Financial liabilities held for trading		
Investment properties measured at fair value		
Total	-1,419,171.34	-2,545,185.28

Other notes:

None.

71. Credit impairment losses

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Bad debt losses on Notes Receivable		
Bad debt losses on Accounts Receivable	-122,189,762.98	-219,178,523.67
Bad debt losses on other receivables	-3,730,457.19	-2,989,674.80
Impairment losses on debt investments		
Impairment loss on other debt investments		
Bad debt losses on long-term receivables		
Impairment losses related to financial guarantees		
Total	-125,920,220.17	-222,168,198.47

Other notes:

None.

72. Assets impairment losses

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
I. Impairment losses on contract assets	-9,041,851.48	-3,844,049.07
II. Loss on decline in value of inventories and impairment loss on contract performance costs	-35,063,515.48	-36,233,236.77
III. Impairment losses on long-term		

equity investments		
IV. Impairment losses on investment properties		
V. Impairment losses on Fixed Assets		
VI. Impairment losses on engineering materials		
VII. Impairment losses on Construction in progress		
VIII. Impairment losses on productive Biological Assets		
IX. Impairment losses on Oil and Gas Assets		
X. Impairment losses on Intangible Assets		
XI. Impairment loss on goodwill		
XII. Other		
XIII. Impairment losses on other non-current assets	-5,870,847.96	-12,622,162.54
Total	-49,976,214.92	-52,699,448.38

Other notes:

None.

73. Gain on disposal of assets

√Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Gain on disposal of Fixed Assets	23,185.30	670,184.65
Total	23,185.30	670,184.65

Other notes:

None.

74. Non-operating income

Non-operating income

√Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period	Amounts included in non-recurring gains and losses for the period
Total gain on disposal of non-current assets		10,000.00	
Where: Gain on disposal of Fixed Assets		10,000.00	
Gains on disposal of Intangible Assets			
Gain on exchange of non-monetary assets			
Acceptance of donations			
Government grant			
Income from fines	4,311,065.78	1,518,043.04	4,311,065.78

GDR Custodian Fee Service Charges		5,918,712.15	
Other	70.69	1,064.64	70.69
Total	4,311,136.47	7,447,819.83	4,311,136.47

Other notes:

☐Applicable ☒Not Applicable

75. Non-operating expenses

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period	Amounts included in non-recurring gains and losses for the period
Total loss on disposal of non-current assets	8,287.50		8,287.50
Where: Loss on disposal of Fixed Assets	8,287.50		8,287.50
Loss on disposal of Intangible Assets			
Loss on exchange of non-monetary assets			
External donations		280,000.00	
Expenditure on fines	2,666,172.16	3,422,878.53	2,666,172.16
late fine on taxes	310,921.36	2,100,371.13	310,921.36
Other	110,451.41	327,919.55	110,451.41
Total	3,095,832.43	6,131,169.21	3,095,832.43

Other notes:

None.

76. Income tax expense

(1). Schedule of income tax expense

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Current income tax expense	33,155,170.72	132,383,877.88
Deferred income tax expense	-22,013,808.47	-30,492,655.35
Total	11,141,362.25	101,891,222.53

(2). Process of adjusting accounting profit to income tax expense

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	337,477,716.59
Income tax expense at statutory/applicable rates	50,621,657.49
Effect of applying different tax rates to subsidiaries	-3,018,785.39
Effect of adjustments to prior periods' income	-3,123,230.45

taxes	
Impact of non-taxable income	
Impact of non-deductible costs, expenses and losses	415,306.41
Effect of deductible losses on the use of unrecognized deferred tax assets in prior periods	-512,130.31
Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognized in the current period	2,379,192.33
Effect of additional deduction for research and development expenses	-35,620,647.83
Income tax expense	11,141,362.25

Other notes:

☐Applicable ☒Not Applicable

77. Other comprehensive income

☒Applicable ☐Not Applicable

For details of other comprehensive income, net of tax, see Section X, Financial Reports, Notes to Consolidated Balance Sheet Items VII, Note 57, Other Comprehensive Income.

78. Cash flow statement items

(1). Cash related to operating activities

Other cash received related to operating activities

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Recovery of note guarantee deposits	293,412,004.65	167,925,760.44
Government grants received	28,662,697.92	22,372,200.00
Maturity of time deposits pledged for the issuance of notes	103,899,421.68	44,590,786.46
Bank interest income	98,900,931.37	92,938,387.27
Other	18,800,299.13	13,091,747.06
Total	543,675,354.75	340,918,881.23

Description of other cash received related to operating activities:

None.

Other cash paid in relation to operating activities

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Payment of note bond deposit	183,922,449.14	293,412,004.65
Time deposits pledged for the opening of notes	14,330,077.48	104,368,298.66
Encashment	155,282,804.36	173,388,310.65
Bid and performance bonds	840,781.48	25,410,874.02
Frozen funds for purchasing structured deposits during the confirmation period	150,043,989.37	
ETC margin and judicial frozen	11,243,056.67	

funds		
Other	6,566,150.48	3,828,952.63
Total	522,229,308.98	600,408,440.61

Description of other cash paid related to operating activities:

None.

(2). Cash related to investing activities

Significant cash received in connection with investing activities

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Redemption of financial products and financial gains	151,009,726.03	272,439,369.87
Cash received from selling stocks	1,943,203.47	
Total	152,952,929.50	272,439,369.87

Significant cash received in connection with investing activities

None.

Significant cash paid in connection with investing activities

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Purchase of financial products	150,000,000.00	270,000,000.00
Total	150,000,000.00	270,000,000.00

Cash paid for the acquisition and construction of fixed assets, intangible assets, and other long-term assets

Unit: Yuan Currency: RMB

Item	Amount incurred in this period	Amount incurred in prior period
Cash paid for the acquisition and construction of fixed assets, construction in progress, long-term deferred expenses, and other non-current assets	83,438,190.40	396,174,453.98
Cash paid for the acquisition and construction of intangible assets	22,541,982.31	16,143,850.82
Total	105,980,172.71	412,318,304.80

Significant cash paid in connection with investing activities

None.

Other cash received related to investing activities

□Applicable √Not Applicable

Other cash paid related to investing activities

□Applicable √Not Applicable

(3). Cash related to financing activities

Other cash received relating to financing activities

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Cash received on acceptance of notes	48,680,470.26	14,481,760.28

Total	48,680,470.26	14,481,760.28
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Description of other cash received related to financing activities:

None.

Other cash paid in connection with financing activities

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
GDR issuance costs		8,843,672.74
Rental payments	4,500,000.00	4,500,000.00
Total	4,500,000.00	13,343,672.74

Description of other cash paid in connection with financing activities:

None.

Changes in liabilities arising from financing activities

☐Applicable ☒Not Applicable

(4). Cash flows presented on a net basis

☐Applicable ☒Not Applicable

(5). Significant activities and financial impacts that do not involve current cash receipts and payments but affect the financial position of the enterprise or may affect the enterprise's cash flows in the future

☐Applicable ☒Not Applicable

79. Supplementary information on the statement of cash flows

(1). Supplementary information on the statement of cash flows

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Additional information	Amount in the current period	Amount in previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	326,336,354.34	809,090,505.69
Add: Provision for impairment of assets	49,976,214.92	52,699,448.38
Credit impairment losses	125,920,220.17	222,168,198.47
Depreciation of fixed assets, amortization of right-of-use assets, depletion of oil and gas assets, depreciation of productive biological assets	105,325,639.19	91,648,618.28
Amortization of intangible assets	10,082,380.30	6,773,245.38
Amortization of long-term amortized expenses	3,848,248.35	4,222,430.30
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gain is represented by a "-" sign)	-23,185.30	-670,184.65
Loss on retirement of fixed assets (gain is recognized by "-" sign)	8,287.50	-10,000.00
Loss on changes in fair value (gains are recognized with a "-" sign)	1,419,171.34	2,545,185.28
Finance costs (gains are recognized	12,596,667.25	-69,851,885.00

with a "-" sign)		
Losses on investments (gains are recognized with a "-" sign)	-673,597.92	5,030,500.89
Decrease in deferred income tax assets (increase is recognized by a "-" sign)	-22,792,718.47	-41,478,769.11
Increase (decrease) in deferred income tax liabilities (recorded as a "-")		
Decrease in inventories (increase is indicated by a "-" sign)	-46,699,542.22	-557,032,854.84
Decrease in operating receivables (increase is recognized by a "-" sign)	121,287,456.49	-732,996,239.42
Increase (decrease) in operating accounts payable	-511,088,657.50	447,861,460.86
Other	-6,252,360.15	-25,033,782.88
Net cash flows from operating activities	169,270,578.29	214,965,877.63
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debt to capitalization		
Convertible bonds due within one year		
Fixed assets under finance leases		
3. Net change in cash and cash equivalents:		
Closing balance of cash	2,711,519,926.45	2,865,817,877.74
Less: opening balance of cash	2,865,817,877.74	1,992,463,562.87
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-154,297,951.29	873,354,314.87

(2). Net cash paid during the period for acquisition of subsidiaries

□Applicable √Not Applicable

(3). Net cash received for disposal of subsidiaries during the period

□Applicable √Not Applicable

(4). Composition of cash and cash equivalents

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	2,711,519,926.45	2,865,817,877.74
Where: cash on hand	1,520,259.81	86,185.18
Bank deposits readily available for payment	2,708,056,430.78	2,865,731,692.56
Other monetary funds readily available for disbursement	1,943,235.86	
Central bank deposits available for disbursement		
Interbank deposits		
Interbank placings		
II. Cash equivalents		

Where: Investments in bonds maturing within three months		
III. Cash and cash equivalents balance at the end of the period	2,711,519,926.45	2,865,817,877.74
Where: use of restricted cash and cash equivalents by the parent company or group subsidiaries	831,810,117.41	1,450,125,891.74

(5). Restricted use but still presented as cash and cash equivalents

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Reason
Bank deposits	103,836,515.54	Supervised accounts for fundraising
Bank deposits	727,973,601.87	Cash from overseas operating subsidiaries subject to foreign exchange controls
Total	831,810,117.41	/

(6). Monetary funds not classified as cash and cash equivalents

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the previous period	Reason
Bank deposits -- current	11,243,056.67	10,000.00	Bank deposits freeze
Bank deposits -- current		97,224,408.20	Current deposit used as collateral for issuing bills
Bank deposits -- time deposits	14,262,991.87	6,685,013.48	Time deposits and their interest used as collateral for issuing guarantees
Bank deposits -- structural deposits	150,043,989.37		Frozen at the confirmation period for purchasing structured deposits
Other monetary funds - guarantee deposits	125,834,258.34	196,386,852.14	Guarantee deposit pledge
Other monetary funds - bankers' acceptance deposits	58,909,440.20	97,025,152.51	Banker's acceptance security deposit pledge
Total	360,293,736.45	397,331,426.33	/

Other notes:

□Applicable √Not Applicable

80. Notes to the Statement of Changes in Owners' Equity Items

Statement of the name of the "Other" item and the amount of adjustment made to the closing balance of the previous year:

□Applicable √Not Applicable

81. Foreign currency monetary items**(1). Foreign currency monetary items**

√Applicable □Not Applicable

Unit: Yuan

Item	Foreign currency balance at the end of the period	Conversion rate	Converted to RMB balance at the end of the period
Monetary funds	-	-	1,999,747,174.99
Where: USD	211,557,848.46	7.1884	1,520,762,437.87
EUR	59,410,296.89	7.5257	447,104,071.31
JPY	240,291,629.00	0.0462	11,101,473.26
KRW	1,194,810,295.00	0.0049	5,854,570.45
PLN	4,635,629.24	1.7597	8,157,316.77
HKD	2,661,640.81	0.9260	2,464,679.39
SGD	26,010.64	5.3214	138,413.02
MYR	2,500,000.00	1.6199	4,049,750.00
HUF	1,373,288.00	0.0183	25,131.17
GBP	6,921.60	9.0765	62,823.90
CAD	4,861.06	5.4531	26,507.85
Accounts receivable	-	-	116,218,742.22
Where: USD	15,501,168.96	7.1884	111,428,602.95
EUR	42,100.86	7.5257	316,838.44
JPY	94,648,537.99	0.0462	4,372,762.46
KRW	20,518,034.00	0.0049	100,538.37
Long-term loans	-	-	
Where: USD			
EUR			
HKD			
Contract assets	-	-	52,165,894.24
Where: USD	7,256,954.85	7.1884	52,165,894.24
Other receivables	-	-	22,128,136.43
Where: USD	3,010,410.00	7.1884	21,640,031.24
EUR	13,450.00	7.5257	101,220.67
JPY	2,010,114.00	0.0462	92,867.27
KRW	60,003,520.00	0.0049	294,017.25
Accounts payable	-	-	27,214,025.51
Where: USD	2,411,133.53	7.1884	17,332,192.27
KRW	2,011,795,811.00	0.0049	9,857,799.47
PLN	13,657.88	1.7597	24,033.77
Other payables	-	-	2,968,196.37
Where: USD	27000	7.1884	194,086.80
JPY	59,166,679	0.0462	2,733,500.57
KRW	8,225,878.00	0.0049	40,306.80
SGD	56.79	5.3214	302.20

Other notes:

None.

(2). Description of foreign operating entities, including, in the case of a significant foreign operating entity, disclosure of its principal place of business outside the country, the bookkeeping currency of its accounts and the basis for its selection, and the reasons for any change in the bookkeeping currency of its accounts

√Applicable □Not Applicable

Significant offshore operating entities	Principal place of	Bookkeeping	Selection basis
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	business outside the country	currency	
CHR Japan Corporation	Japan	JPY	Selecting the currency of the primary economic environment in which it operates as the bookkeeping currency of accounting
Hangke Electronics Trading Hong Kong Limited	Hong Kong	HKD	
HK POWER Co., Ltd	Republic of Korea	KRW	
Hangke Electronics Corporation	Republic of Korea	KRW	
Japan New Energy Equipment Co., Ltd	Japan	Japanese	
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE)PTE. LTD.	Singapore	SGD	
HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD.	Malaysia	MYR	
HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	PLN	
Hangke Technology Inc	United States	USD	
HK TECHNOLOGY, INC	United States	USD	
Hangke Technology Hungary KFT	Hungary	HUF	
HANGKE TECHNOLOGY UK LIMITED	Britain	GBP	
CANADA HANGKE TECHNOLOGY LTD.	Canada	CAD	
Hangke Technology Germany GmbH	Germany	EUR	
STARLINK ELECTRONIC TECHNOLOGY MALAYSIA SDN.BHD.	Malaysia	MYR	

82. Leasing

(1) As lessee

√Applicable □Not Applicable

1) Information on right-of-use assets is described in Note V(I)13 of the Notes to the Financial Statements.

2) The Company's accounting policies for short-term leases and leases of low-value assets are described in the notes to the financial statements in note III (XXVII). The amounts of short-term lease charges and low-value asset lease charges recognized in profit or loss are as follows:

Item	Current period	Same period last year
Short-term rental costs	9,743,341.57	10,029,678.02
Lease costs for low-value assets (other than short-term leases)	958,299.28	
Total	10,701,640.85	10,029,678.02

3) Current profit or loss and cash flows related to leases

Item	Current period	Same period last year
Interest expense on lease liabilities	150,144.60	445,036.05
Total cash outflows related to leases	13,173,239.69	12,495,157.66

4) The maturity analysis of lease liabilities and the corresponding liquidity risk management are described in the notes to the financial statements in note IX (II).

Variable lease payments not included in the measurement of the lease liability

☐Applicable ☒Not Applicable

Lease costs for short-term leases or low-value assets with simplified treatment

☐Applicable ☒Not Applicable

Sale and leaseback transactions and basis of judgment

☐Applicable ☒Not Applicable

Total cash outflows related to leases: 13,173,239.69 (Unit: Yuan Currency: RMB)

(2) As lessor

Operating leases as lessor

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Rental income	Where: Income relating to variable lease payments not recognized as lease receipts
Rental of houses and buildings	4,692,610.05	
Total	4,692,610.05	

Financial leases as lessor

☐Applicable ☒Not Applicable

Reconciliation of undiscounted lease receipts to net investment in leases

☐Applicable ☒Not Applicable

Undiscounted lease receipts for the next five years

☐Applicable ☒Not Applicable

(3) Gains and losses on sales under finance leases recognized as a producer or distributor

☐Applicable ☒Not Applicable

Other notes

None.

83. Data resources

☐Applicable ☒Not Applicable

84. Other

☐Applicable ☒Not Applicable

VIII. R&D expenditures

1. Presentation by nature of costs

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in previous period
Employee remuneration	176,514,141.23	161,662,964.88
Materials and testing fees	32,674,840.88	55,133,629.78
Travel costs	38,029,174.12	20,742,031.93

Other	9,927,936.09	6,024,931.88
Total	257,146,092.32	243,563,558.47
Where: Expensed research and development expenditure	257,146,092.32	243,563,558.47
Capitalized research and development expenditure		

Other notes:

None.

2. Development expenditure on R&D projects eligible for capitalization

☐Applicable ☒Not Applicable

Significant capitalized research and development projects

☐Applicable ☒Not Applicable

Provision for impairment of development expenditure

☐Applicable ☒Not Applicable

Other notes

None.

3. Significant outsourced in-process research projects

☐Applicable ☒Not Applicable

IX. Change in scope of consolidation

1. Non-same control business combinations

☐Applicable ☒Not Applicable

2. Same-control business combinations

☐Applicable ☒Not Applicable

3. Reverse purchase

☐Applicable ☒Not Applicable

4. Disposal of subsidiaries

Whether there were any transactions or events during the period in which control right of subsidiaries was lost

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Whether there is a step-by-step disposal of investments in subsidiaries through multiple transactions and loss of control right during the period

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

5. Changes in scope of consolidation for other reasons

Describe changes in the scope of consolidation due to other reasons (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and their related circumstances:

☒Applicable ☐Not Applicable

Company name	Method of equity acquisition	Time point of equity acquisition	Contribution amount	Contribution ratio
HANGKE TECHNOLOGY UK LIMITED	Establishment	August 12, 2024	GBP 500,000 [Note]	100.00%
CANADA HANGKE TECHNOLOGY LTD.	Establishment	August 21, 2024	No [Note]	100.00%
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE) PTE. LTD.	Establishment	December 15, 2023	SGD 1 million	100.00%
STARLINK ELECTRONIC TECHNOLOGY MALAYSIA SDN.BHD.	Establishment	October 16, 2024	MYR 1,000	100.00%

[Note] As of the balance sheet date, Hangke Electronics Trading Hong Kong Limited has not made actual contribution to HANGKE TECHNOLOGY UK LIMITED and CANADA HANGKE TECHNOLOGY LTD.

6. Other

☐Applicable ☒Not Applicable

X. Interests in other entities

1. Interests in subsidiaries

(1). Composition of enterprise groups

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Principal place of business	Registered capital	Registered office	Nature of business	Shareholding (%)		Acquisition method
					Direct	Indirect	
CHR Japan Corporation	Japan	JPY 5 million	Japan	Business	100		Establishment
Hangke Electronics Corporation	Republic of Korea	KRW 100 million	Republic of Korea	Business		100	Establishment
HONRECK EQUIPMENT TECHNOLOGY SUPPORT COMPANY SDN.BHD.	Malaysia	MYR 2	Malaysia	Business		100	Establishment
Japan New Energy Equipment Co., Ltd	Japan	JPY 9 million	Japan	Business		100	Establishment
Hangke Electronics Trading Hong Kong Limited	Hong Kong	USD 5 million	Hong Kong	Business	100		Establishment
HONRECK ELECTRONICS TRADING SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	PLN 5,000	Poland	Business		100	Establishment
Hangke Technology Inc	United States	USD 10 million	United States	Business		100	Establishment
HK TECHNOLOGY, INC	United States	USD 2 million	United States	Business		100	Establishment
Hangke Technology Hungary KFT	Hungary	EUR 2 million	Hungary	Business		100	Establishment
HK POWER Co., Ltd	Republic of Korea	KRW 3 billion	Republic of Korea	Industry		100	Establishment
HANGKE TECHNOLOGY UK LIMITED	Britain	GBP 500,000	Britain	Business		100	Establishment
CANADA HANGKE TECHNOLOGY LTD.	Canada	/	Canada	Business		100	Establishment

Hangke Technology Germany GmbH	Germany	EUR 2.5 million	Germany	Business	100		Establishment
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE)PTE. LTD.	Singapore	SGD 1 million	Singapore	Business	100		Establishment
STARLINK ELECTRONIC TECHNOLOGY MALAYSIA SDN.BHD.	Malaysia	MYR 1,000	Malaysia	Industry		100	Establishment

Explanation of the percentage of shareholding in subsidiaries that differs from the percentage of voting rights:
None.

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:
None.

For significant structured subjects included in the scope of consolidation, the basis of control:
None.

Basis for determining whether a company is an agent or a principal:
None.

Other notes:
None.

(2). Significant non-wholly owned subsidiaries

☐Applicable ☒Not Applicable

(3). Key financial information of significant non-wholly owned subsidiaries

☐Applicable ☒Not Applicable

(4). Significant restrictions on the use of enterprise group assets and the discharge of enterprise group liabilities

☐Applicable ☒Not Applicable

(5). Financial or other support provided to structured subjects included in the scope of the consolidated financial statements

☐Applicable ☒Not Applicable

Other notes:
☐Applicable ☒Not Applicable

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

☐Applicable ☒Not Applicable

3. Interests in joint ventures or associates

☐Applicable ☒Not Applicable

4. Important joint operations

☐Applicable ☒Not Applicable

5. Interests in structured subjects not included in the scope of the consolidated financial statements

Notes on structured entities not included in the scope of the consolidated financial statements:

☐Applicable ☒Not Applicable**6. Other**☐Applicable ☒Not Applicable**XI. Government grant****1. Government grants recognized at the end of the reporting period based on amounts receivable**☐Applicable ☒Not Applicable

Reasons for not receiving the estimated amount of government grants at the projected time point

☐Applicable ☒Not Applicable**2. Liability items involving government grants**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Financial statement items	Opening balance	Amount of new grants for the period	Amount included in non-operating income for the period	Transfer to other gains for the period	Other changes during the period	Closing balance	Asset/income-related
Deferred income	23,863,491.77	22,571,001.26		6,523,222.61		39,911,270.42	Asset-related
Total	23,863,491.77	22,571,001.26		6,523,222.61		39,911,270.42	/

3. Government grants recognized in profit or loss☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in previous period
Asset-related	6,523,222.61	4,575,085.20
Income-related	35,951,164.37	116,181,595.90
Total	42,474,386.98	120,756,681.10

Other notes:

None.

XII. Risks associated with financial instruments**1. Risks of financial instruments**☒Applicable ☐Not Applicable

The Company's objective in engaging in risk management is to strike a balance between risk and return, minimize the negative impact of risk on the Company's operating results, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the Company's basic strategy for risk management is to identify and analyze the various risks faced by the

Company, establish an appropriate risk tolerance floor and conduct risk management, and monitor the various risks in a timely and reliable manner in order to keep the risks within limits.

The Company is exposed to a variety of risks associated with financial instruments in its day-to-day activities, primarily credit risk, liquidity risk and market risk. Management has reviewed and approved policies to manage these risks, which are summarized below.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet its obligations, causing the other party to incur a financial loss.

1. Credit risk management practices

(1) Evaluation methods for credit risk

The company assesses at each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition. In determining whether there has been a significant increase in credit risk since initial recognition, the Company considers information that is reasonably available and supportable without undue additional cost or effort, including qualitative and quantitative analyses based on historical data, external credit risk ratings and forward-looking information. The Company determines the change in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition on the basis of a single financial instrument or a combination of financial instruments with similar credit risk characteristics.

The Company considers that a significant increase in the credit risk of a financial instrument has occurred when one or more of the following quantitative and qualitative criteria are triggered:

1) The quantitative criterion is mainly the increase in the probability of default over a certain percentage of the remaining life of the balance sheet date compared to the initial recognition;

2) Qualitative criteria are, among other things, significant adverse changes in the debtor's business or financial situation, and changes in the existing or expected technological, market, economic or legal environment that will have a material adverse effect on the debtor's ability to repay the Company.

(2) Definition of defaulted and impaired credit assets

The Company defines a financial asset as having been in default when one or more of the following conditions are met for the financial instrument, based on criteria consistent with the definition of having been credit-impaired:

1) The debtor is experiencing significant financial difficulties;
 2) the debtor violates the terms of the contract binding the debtor;
 3) The debtor is likely to go into bankruptcy or other financial reorganization;
 4) the creditor grants concessions to the debtor that the debtor would not have made in any other case because of economic or contractual considerations relating to the debtor's financial difficulties.

2. Measurement of expected credit losses

The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company models the probability of default, loss given default rate and exposure to default risk by considering quantitative analysis of historical statistics (e.g., counterparty ratings, security methods and types of collateral, repayment methods, etc.) and forward-looking information.

3. A detailed reconciliation of the opening and closing balances of the provision for losses on financial instruments is provided in notes V (I) 3, V (I) 4, V (I) 5, V (I) 7, V (I) 9 and V (I) 17 to the present financial statements.

4. Credit risk exposure and concentration of credit risk

The Company's credit risk is mainly from currency funds and receivables. In order to control the above related risks, the Company has taken the following measures respectively.

(1) Currency funds

The Company's bank deposits and other monetary funds are placed with financial institutions with high credit ratings; therefore, their credit risk is low.

(2) Receivables and contract assets

The Company periodically performs credit evaluations of its customers who trade on credit. Based on the results of the credit evaluations, the Company selects to transact with recognized and creditworthy customers and monitors their receivable balances to ensure that the Company is not exposed to significant risk of bad debts.

No collateral is required as the Company only deals with approved and creditworthy third parties. Credit risk concentrations are managed on a customer-by-customer basis. As of December 31, 2024, the

Company has some concentration of credit risk, with 54.31% of the Company's accounts receivable and contract assets (December 31, 2023 Accounts Receivable: 62.78%) originating from the top five customers on the balance. The Company does not hold any collateral or other credit enhancements on its Accounts Receivable and contract asset balances.

The Company's maximum exposure to credit risk is the carrying amount of each financial asset in the balance sheet.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will experience a shortage of funds to meet its obligations that are settled by delivery of cash or other financial assets. Liquidity risk may arise from the inability to sell financial assets at fair value as soon as possible; or from the inability of the counterparty to repay its contractual obligations; or from early maturity of obligations; or from the inability to generate expected cash flows.

In order to control this risk, the Company makes comprehensive use of a variety of financing means, such as bill settlement and bank borrowings, and adopts an appropriate combination of long-term and short-term financing methods to optimize the financing structure and maintain a balance between the continuity and flexibility of financing.

Financial liabilities by remaining maturity

Item	Closing amount				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	More than 3 years
Short term loan	7,460,020.44	7,460,020.44	7,460,020.44		
Notes payable	871,912,290.66	871,912,290.66	871,912,290.66		
Accounts payable	1,077,903,223.20	1,077,903,223.20	1,077,903,223.20		
Other payable	9,963,259.86	9,963,259.86	9,963,259.86		
Other current liabilities	36,013,702.23	36,013,702.23	36,013,702.23		
Non-current liabilities due within one year					
Subtotal	2,003,252,496.39	2,003,252,496.39	2,003,252,496.39		

(Continued)

Item	Closing balance of prior year				
	Book value	Undiscounted contract amount	Within 1 year	1-3 years	More than 3 years
Short term loan	14,516,000.00	14,516,000.00	14,516,000.00		
Notes payable	1,015,562,136.25	1,015,562,136.25	1,015,562,136.25		
Accounts payable	1,562,586,492.08	1,562,586,492.08	1,562,586,492.08		
Other payable	8,469,552.89	8,469,552.89	8,469,552.89		
Other current liabilities	51,164,505.34	51,164,505.34	51,164,505.34		
Non-current liabilities due within one year	2,028,014.09	2,142,857.14	2,142,857.14		
Subtotal	2,654,326,700.65	2,654,441,543.70	2,654,441,543.70		

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists mainly of interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest-bearing financial instruments with fixed interest rates expose the Company to fair value interest rate risk, and interest-bearing financial instruments with floating interest rates expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate to variable-rate financial instruments based on market conditions and maintains an appropriate mix of financial instruments through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to changes in foreign exchange rates relates primarily to the Company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, in the event of a short-term imbalance, the Company buys and sells foreign currencies at market exchange rates when necessary to ensure that the net exposure is maintained at an acceptable level.

The monetary assets and liabilities in foreign currencies at the end of the period are described in the notes to these financial statements in note V(4)1.

2. Hedge

(1) The Company conducts hedging operations for risk management

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

(2) Company conducts qualifying hedging operations and applies hedge accounting

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

(3) The Company conducts hedging operations for risk management, expects to achieve its risk management objectives, but does not apply hedge accounting.

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

3. Transfer of financial assets

(1) Classification of transfer methods

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Transfer method	Nature of financial assets transferred	Amount of financial assets transferred	Status of derecognition	Basis for determining derecognition
Discounting of bills	Notes receivable	7,460,020.44	Recognition not terminated	Almost all of its risks and rewards are retained.
Discounting of bills	Notes receivable	10,000,000.00	Recognition terminated	Non-recourse discounting, almost all of its risks and rewards have been transferred.
Endorsement of	Notes receivable	20,795,374.90	Recognition not	Almost all of its

bills			terminated	risks and rewards are retained.
Discounting of bills	Accounts receivable financing	83,470,474.19	Recognition terminated	Almost all of its risks and rewards have been transferred.
Endorsement of bills	Accounts receivable financing	18,781,937.15	Recognition terminated	Almost all of its risks and rewards have been transferred.
Total	/	140,507,806.68	/	/

(2) Financial assets derecognized as a result of transfer

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Transfer method of financial assets	Amount of financial assets derecognized	Gains or losses related to derecognition
Notes receivable	Discounting	10,000,000.00	-45,388.89
Accounts receivable financing	Discounting	83,470,474.19	-416,206.96
Accounts receivable financing	Endorsement	18,781,937.15	
Total	/	112,252,411.34	-461,595.85

(3) Transferred financial assets that continue to be involved

□Applicable √Not Applicable

Other notes

□Applicable √Not Applicable

XIII. Fair value disclosures**1. Closing fair value of assets and liabilities measured at fair value**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Fair value at end of period			
	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
I. Ongoing fair value measurements	3,318,338.14		16,649,074.05	19,967,412.19
(I) Financial assets held for trading	3,318,338.14			3,318,338.14
1. Financial assets at fair value through profit or loss	3,318,338.14			3,318,338.14
(1) Investments in debt instruments				
(2) Investments in equity instruments	3,318,338.14			3,318,338.14
(3) Derivative financial assets				
2. Financial assets designated at fair value through profit or loss				

(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Investments in other equity instruments				
(IV) Investment properties				
1. Land use rights for lease				
2. Rented buildings				
3. Land use rights held and intended to be transferred after appreciation in value				
(V) Biological Assets				
1. Expendable Biological Assets				
2. Productive Biological Assets				
(VI) Accounts receivable financing			16,649,074.05	16,649,074.05
Total assets measured at fair value on an ongoing basis	3,318,338.14		16,649,074.05	19,967,412.19
(VII) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Where: Exchangeable bonds issued				
Derivative financial liabilities				
Other				
2. Financial liabilities designated at fair value through profit or loss				
Total liabilities measured at fair value on an ongoing basis				
II. Discontinued fair value measurements				
(I) Assets held for sale				
Total assets not continuously measured at fair value				

Total liabilities not continuously measured at fair value				

2. Basis for determining the market value of continuing and discontinued Level 1 fair value measurements

☒Applicable ☐Not Applicable

Unadjusted public prices for the same assets or liabilities in an active market

3. Continuing and discontinued Level 2 fair value measurements, valuation techniques used and qualitative and quantitative information on significant parameters

☐Applicable ☒Not Applicable

4. Continuing and discontinued Level 3 fair value measurements, valuation techniques used and qualitative and quantitative information on significant parameters

☒Applicable ☐Not Applicable

Accounts receivable financing refers to bank acceptance bills, the fair values of which are determined based on their face value.

5. Continuing Level 3 fair value measurements, information on reconciliations between opening and closing book values and sensitivity analysis of unobservable parameters

☐Applicable ☒Not Applicable

6. Continuing fair value measurements that were converted between levels during the period, the reason for the conversion and the policy for determining the point of conversion

☐Applicable ☒Not Applicable

7. Changes in valuation techniques that occurred during the period and reasons for the changes

☐Applicable ☒Not Applicable

8. Fair value status of financial assets and financial liabilities not measured at fair value

☐Applicable ☒Not Applicable

9. Other

☐Applicable ☒Not Applicable

XIV. Related parties and related transactions

1. Parent company status of the Company

☐Applicable ☒Not Applicable

2. Subsidiaries of the Company

Details of the Company's subsidiaries are set out in the notes.

☒Applicable ☐Not Applicable

For details of the Company's subsidiaries, please refer to "X. Interests in Other Entities 1. Interests in Subsidiaries" in Section X. Financial Reports.

3. Joint ventures and associates of the Company

Details of significant joint ventures or associates of the enterprise are set out in the notes

☐Applicable ☒Not Applicable

Other joint ventures or associates that had related party transactions with the Company during the current period or had balances arising from related party transactions with the Company in prior periods are as follows

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

4. Other related parties

☒Applicable ☐Not Applicable

Name of other related parties	Relationship between other related parties and the Company
Hangzhou Tongce Communication Electronics Co., Ltd.	Under the control of the same de facto controller
Zhejiang Hangke Instrument Co., Ltd	Under the control of the same de facto controller
SHUIWA LLC	Under the control of the same de facto controller

Other notes:

None.

5. Related Transactions

(1). Purchase and sale of goods, provision and acceptance of labor related transactions

Purchase of goods/acceptance of services

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Related party	Contents of related transactions	Amount incurred in the current period	Amount of approved transactions (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount incurred in previous period
Zhejiang Hangke Instrument Co., Ltd	Purchase of fixed assets				4,179,116.80
	Purchase of materials	11,504.42			

Sale of goods/provision of services

☐Applicable ☒Not Applicable

Explanation of related transactions for the purchase and sale of goods, provision and acceptance of services

☐Applicable ☒Not Applicable

(2). Affiliated Fiduciary Management/Contracting and Delegated Management/Outsourcing

The Company being entrusted for management/contracting:

☐Applicable ☒Not Applicable

Affiliated fiduciary/contracting

☐Applicable ☒Not Applicable

The Company entrusting management/outsourcing

☐Applicable ☒Not Applicable

Affiliated management/contracting statement

☐Applicable ☒Not Applicable

(3). Affiliated leases

The Company acts as lessor:

☐Applicable ☒Not Applicable

The Company as lessee:

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased right-of-use assets	
		Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period	Amount incurred in the current period	Amount incurred in the previous period
Hangzhou Tongce Communications Co., Ltd.	Houses and buildings	9,545,417.16	9,423,040.36								
SHUIWA LLC	Houses and buildings	467,072.73									

Description of related leases

☐Applicable ☒Not Applicable**(4). Related guarantees**

The Company as a guarantor

☐Applicable ☒Not Applicable

The Company as a guaranteed party

☐Applicable ☒Not Applicable

Description of related guarantees

☐Applicable ☒Not Applicable**(5). Related party funds borrowing**☐Applicable ☒Not Applicable**(6). Transfer of assets and restructuring of liabilities by related parties**☐Applicable ☒Not Applicable**(7). Remuneration of key management personnel**☒Applicable ☐Not Applicable

Unit: 10,000 Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in prior period
------	---------------------------------------	---------------------------------

Remuneration of key management personnel	508.87	454.54
Equity incentive income of senior management	-9.83	7.13

(8). Other related transactions

√Applicable □Not Applicable

As of December 31, 2024, the balance of accounts receivable transferred from business combinations that have not yet been paid by customers was RMB8,272,023.37, which is over three years old and 100% provision for bad debts has been made.

6. Status of unsettled items such as receivables and payables to related parties**(1). Receivables**

□Applicable √Not Applicable

(2). Payables

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item name	Related party	Closing book balance	Opening book balance
Accounts payable	Zhejiang Hangke Instrument Co., Ltd	6,304.42	
Other receivables	Hangzhou Tongce Communication Electronics Co., Ltd	5,485,337.84	

(3). Other items

□Applicable √Not Applicable

7. Related Party Commitments

□Applicable √Not Applicable

8. Other

□Applicable √Not Applicable

XV. Share-based payment**1. Various equity instruments**

√Applicable □Not Applicable

Quantity: Shares Amount: Yuan Currency: RMB

Category of grant recipients	Awarded in the period		Exercised in the period		Unlocked in this period		Lapsed for the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Management personnel							49,000.00	1,360,775.57
R&D personnel							406,500.00	11,288,883.05
Sales personnel							85,500.00	2,374,414.52
Production personnel							160,000.00	4,443,348.80
Total							701,000.00	19,467,421.94

Stock options or other equity instruments issued and outstanding at the end of the period

√Applicable □Not Applicable

Category of grant recipients	Stock options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining duration of the contract	Range of exercise prices	Remaining duration of the contract
Management personnel			27.77	33 months
R&D personnel			27.77	33 months
Sales personnel			27.77	33 months
Production personnel			27.77	33 months

Other notes

On April 6, 2022, the First Extraordinary Shareholders' General Meeting of 2022 of the Company considered and passed the "Proposal for Consideration of the Company's <2022 Restricted Stock Incentive Plan (Draft) and its Summary>", which was reviewed and approved by the China Securities Regulatory Commission without objection. Pursuant to the Plan, the Company intends to grant 3.2 million restricted shares to the incentive recipients, including a total of 245 technical and business backbone personnel of the Company; the source of the underlying shares shall be 3.2 million RMB ordinary shares of the Company to be issued by the Company to the incentive recipients on a directional basis, which accounted for 0.79% of the Company's total share capital of 403.09 million at the time of the announcement of the Draft Incentive Plan. The validity period of the restricted shares is 60 months from the date of authorization, and the grant price of each restricted share is RMB28. The incentive recipients shall exercise the authorized stock options in four phases, namely, from the first trading day after 12 months from the date of grant to the last trading day within 24 months from the date of grant, from the first trading day after 24 months from the date of grant to the last trading day within 36 months from the date of grant, from the first trading day after 36 months from the date of grant to the last trading day within 48 months from the date of grant, and from the first trading day after 48 months from the date of grant to the last trading day within 60 months from the date of grant,. If the unlocking conditions of the restricted shares stipulated in the Plan are met, the incentive recipients may unlock (or be repurchased and canceled by the Company) one-fourth, one-fourth and one-fourth of the total number of restricted shares granted to them in installments after the expiration of the respective lock-up periods. On April 6, 2022, the Company's Third Session of the Board of Directors considered and passed the "Proposal on the First Grant of Restricted Shares to Incentive Recipients" at the Third Session of the Board of Directors" meeting, and set the date of the share grant as April 6, 2022 .

2. Equity-settled share-based payments

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Method of determining the fair value of equity instruments at the grant date	See other notes for details
Significant parameters of grant date fair value of equity instruments	See other notes for details
Basis for determining the number of equity instruments for which options are exercisable	Determined by estimated performance conditions for each unlocking period
Reasons for significant differences between current and prior period estimates	FY2024 performance conditions assumed to be met in prior period estimates, not actually met in current period
Cumulative amount of equity-settled share-based payments recognized in capital reserve	246,849,095.70

Other notes

In accordance with the relevant provisions of ASBE 22, "Recognition and Measurement of Financial Instruments," regarding the determination of fair value, since there is no current market price for the Company's Class II restricted stock grants, nor is there a market price for restricted stock under the same trading conditions, the Company uses the Black-Scholes option pricing model for valuation.

2022 Restricted Stock Incentive Plan

The parameters of the stock price on the grant date, the exercise price, the remaining term of each period, the risk-free interest rate and the expected volatility determined by the option pricing model estimates are as follows:

Stock price on grant date: RMB 56.02

Exercise price: RMB 27.77

Remaining term of each period: one-fourth of the total number of shares granted may be exercised from the first trading day after 12 months from the date of authorization to the last trading day within 24 months from the date of grant, one-fourth of the total number of shares granted may be exercised from the first trading day after 24 months from the date of authorization to the last trading day within 36 months from the date of grant, one-fourth of the total number of shares granted may be exercised from the first trading day after 36 months from the date of authorization to the last trading day within 48 months from the date of grant, and one-fourth of the total number of shares granted may be exercised from the first trading day after 48 months from the date of authorization to the last trading day within 60 months from the date of grant.

Risk-free rates: 1.50%, 2.10%, 2.75%, 2.75%

Expected volatility: 14.11%, 17.46%, 17.73%, 17.73%

Based on the parametric assumptions and the B-S model described above, the results of calculating the fair value of the Company's restricted stock grants for fiscal 2022 are presented below:

Exercise period	Number of shares of restricted stock (ten thousand) [Note]	Fair value per unit	Fair value (Ten Thousand Yuan)
First batch (one fourth)			
Second batch (one fourth)			
Third batch (one fourth)			
Fourth batch (one fourth)	70.10	31.19	2,186.42
Total	70.10	31.19	2,186.42

[Note] The original number of shares granted was 3,200,000 shares. The first batch (one-fourth), second batch (one-fourth), and third batch (one-fourth) have lapsed due to the failure to meet the conditions for the exercise of the rights. Due to the departure of the incentive recipients, the fourth batch (one-fourth) is expected to exercise 701,000 shares.

The estimated cost of apportioning the fair value of restricted stock under the Company's 2022 Restricted Stock Incentive Plan over the years based on the percentage of exercise in each period is calculated as follows:

Unit: 10,000 Yuan

2022	2023	2024	2025	2026	Total amortization
402.38	546.63	546.63	546.63	144.15	2,186.42

Note: The performance appraisal target of the third batch (one-fourth) of the 2022 Restricted Stock Incentive Plan at the corporate level is "based on 2020 operating revenue; the growth rate of 2024

operating revenue shall not be less than 365% or based on 2020 net profit; the growth rate of 2024 net profit shall not be less than 295%". As the growth rate of the Company's operating income and net profit in 2024 did not meet the exercise conditions, resulting in the lapse of that part of the Company's restricted share incentives.

3. Cash-settled share-based payments

☐Applicable ☒Not Applicable

4. Share-based payment expense for the period

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Type of grant object	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Management personnel	-48.19	
R&D personnel	-399.75	
Sales personnel	-84.08	
Production personnel	-157.34	
Total	-689.36	

Other notes:

None.

5. Modification and termination of share-based payment

☐Applicable ☒Not Applicable

6. Other

☐Applicable ☒Not Applicable

XVI. Commitments and contingencies

1. Important commitments

☒Applicable ☐Not Applicable

Existence, nature and amount of significant external commitments at the balance sheet date

As of the balance sheet date, the Company had outstanding guarantees in the amount of RMB282,722,973.83.

2. Contingency

(1). Significant contingencies existing at the balance sheet date

☐Applicable ☒Not Applicable

(2). The Company has no material contingencies that is required to disclose, which should also be stated:

☐Applicable ☒Not Applicable

3. Other

☐Applicable ☒Not Applicable

XVII. Events after the balance sheet date

1. Significant non-adjusting items

☐Applicable ☒Not Applicable

2. Distribution of profits

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Profits or dividends to be distributed	35,012,984.82
Profits or dividends declared after consideration and approval	Distributing a cash dividend of RMB 0.58 yuan (tax inclusive) for each 10 shares

According to the proposal on the Company's 2024 profit distribution plan approved at the 24th meeting of the third session of board of directors on April 28, 2025, the Company planned to distribute a cash dividend of RMB 0.58 yuan (tax inclusive) per 10 shares to all shareholders in 2024 based on the total share capital registered on the date of share registration for the implementation of equity distribution. As of the date of the board meeting to review the profit distribution plan, the total share capital of the Company was 603,672,152 shares, and on this basis, a total of RMB 35,012,984.82 yuan (tax inclusive) cash dividends was planned to be distributed. The cash dividend amount this time accounted for 10.73% of the net profit attributable to shareholders of the listed company in the Company's consolidated financial statements for the year 2024. The Company distributed a total of RMB 101,416,921.54 yuan in equity dividends for the first three quarters of 2024, which were implemented on October 16, 2024 and March 17, 2025, respectively. The total cash dividend amount of the Company this year was 136,429,906.36 yuan, accounting for 41.81% of the net profit attributable to shareholders of the listed company in the Company's 2024 consolidated financial statements. The Company's 2024 profit distribution plan still needs to be reviewed and approved by the shareholders' meeting.

3. Sales returns

□Applicable √Not Applicable

4. Description of other events after the balance sheet date

√Applicable □Not Applicable

According to the resolution of the 24th meeting of the 3rd session of board of directors of the Company on April 28, 2025, the board of directors agreed to request the shareholders' meeting to authorize the board of directors to issue stocks with a total financing amount not exceeding RMB 300 million yuan and not exceeding 20% of the net assets at the end of the most recent year to specific targets through a simplified procedure. The authorization period shall be from the date of approval by the Company's 2024 annual shareholders' meeting to the date of the 2025 annual shareholders' meeting. The proposal still needs to be submitted to the shareholders' meeting for approval.

2. According to the resolution of the 24th meeting of the 3rd session of board of directors of the Company on April 28, 2025, the "Proposal on the Cancellation of Some Restricted Stocks That Have Been Granted But Not Yet Attributed" has been approved. Due to the failure to meet the performance evaluation requirements at the company level, the Company plans to cancel 1.734 million shares of class II restricted stocks corresponding to the second and third attribution periods of the 2021 restricted stock incentive plan and 2.4 million shares of class II restricted stocks corresponding to the first, second, and third attribution periods of the 2022 restricted stock incentive plan.

XVIII. Other important matters**1. Correction of prior-period accounting errors****(1). Retrospective approach**

□Applicable √Not Applicable

(2). Prospective application approach

□Applicable √Not Applicable

2. Significant debt restructuring

□Applicable √Not Applicable

3. Asset replacement**(1). Non-monetary exchange of assets**

□Applicable √Not Applicable

(2). Other asset replacement

□Applicable √Not Applicable

4. Pension plan

□Applicable √Not Applicable

5. Discontinued operation

□Applicable √Not Applicable

6. Segment information**(1). Basis for determining reportable segments and accounting policies**

√Applicable □Not Applicable

The Company's principal business is the manufacture and sale of specialized equipment. The Company treats this business as a whole to implement management and evaluate operating results. Therefore, the Company is not required to disclose segment information.

Detailed information on the breakdown of the Company's revenue is provided in the notes to note V(II)1 to these financial statements.

(2). Financial information on reportable segments

□Applicable √Not Applicable

(3). If the Company has no reportable segments, or if it cannot disclose total assets and total liabilities for each reportable segment, it should explain why

□Applicable √Not Applicable

(4). Other notes

□Applicable √Not Applicable

7. Other significant transactions and events affecting investors' decisions

□Applicable √Not Applicable

8. Other

□Applicable √Not Applicable

XIX. Notes to the main items of the parent company's financial statements**1. Accounts Receivable****(1). Disclosure by age**

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance	Opening balance
Within 1 year		
Where: less than 1 year sub-item		
Within 1 year	767,856,868.88	1,115,408,880.85
Subtotal less than 1 year	767,856,868.88	1,115,408,880.85
1 to 2 years	825,951,387.24	1,016,260,184.13
2 to 3 years	601,289,055.53	202,298,540.92

More than 3 years	174,490,740.88	88,085,581.63
3 to 4 years		
4 to 5 years		
More than 5 years		
Total	2,369,588,052.53	2,422,053,187.53

(2). Disclosure by bad debt provision method

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Percent age (%)	Amount	Accrual ratio (%)		Amount	Percentage (%)	Amount	Accrual ratio (%)	
Provision for bad debts on an individual basis	132,389,049.13	5.59	129,617,871.73	97.91	2,771,177.40	143,218,910.67	5.91	135,431,910.67	94.56	7,787,000.00
Where:										
Individually significant and individual provision for bad debts	132,389,049.13	5.59	129,617,871.73	97.91	2,771,177.40	143,218,910.67	5.91	135,431,910.67	94.56	7,787,000.00
Provision for bad debts by portfolio	2,237,199,003.40	94.41	418,125,811.64	18.69	1,819,073,191.76	2,278,834,276.86	94.09	274,747,097.05	12.06	2,004,087,179.81
Where:										
Accounts receivable with bad debt provision based on a combination of credit risk characteristics	2,237,199,003.40	94.41	418,125,811.64	18.69	1,819,073,191.76	2,278,834,276.86	94.09	274,747,097.05	12.06	2,004,087,179.81
Total	2,369,588,052.53	100.00	547,743,683.37	23.12	1,821,844,369.16	2,422,053,187.53	100.00	410,179,007.72	16.94	2,011,874,179.81

Provision for bad debts on an individual basis:

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Carrying amount	Provision for bad debts	Accrual ratio (%)	Reasons for the provision
Hubei Xingquan Machinery Equipment Co., Ltd.	36,726,495.73	36,726,495.73	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jiangsu Weifeng Power Industry Co., Ltd.	44,145,000.00	44,145,000.00	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve Power Industry Jiaying Co., Ltd.	991,000.00	991,000.00	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve Power Industry Jiangsu Co., Ltd.	16,596,554.40	16,596,554.40	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Jeve New Energy	2,792,000.00	2,792,000.00	100.00	The customer's cash flow

Technology (Huzhou) Co., Ltd.				is tight, and the possibility of recovering the funds is low.
Tianjin Jeve Power Industry Co., Ltd.	24,618,860.54	24,618,860.54	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Tianjin RiseSun MGL New Energy Technology Co., Ltd	3,279,138.46	3,279,138.46	100.00	The customer's cash flow is tight, and the possibility of recovering the funds is low.
Wanxiang A123 Systems Corp.	3,240,000.00	468,822.60	14.47	It is expected that the amount will not be fully recovered.
Total	132,389,049.13	129,617,871.73	97.91	/

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☒Applicable ☐Not Applicable

Portfolio provision item: Accounts receivable for which bad debt provisions are made based on a combination of credit risk characteristics

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts Receivable	Provision for bad debts	Accrual ratio (%)
Within 1 year	767,856,868.88	38,392,843.44	5.00
1-2 years	824,336,567.24	123,650,485.09	15.00
2-3 years	555,604,405.96	166,681,321.79	30.00
More than 3 years	89,401,161.32	89,401,161.32	100.00
Total	2,237,199,003.40	418,125,811.64	18.69

Description of the provision for bad debts by portfolio:

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the book value of accounts receivable for which a change in the provision for losses occurred during the period:

☐Applicable ☒Not Applicable

(3). Provision for bad debts

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

form	Opening balance	Amount of change during the period				Closing balance
		Withdrawal	Recovery or reversal	Charge-offs or write-offs	Other changes	
Provision for bad debts on an individual basis	135,431,910.67	1,544,961.06	10,500,000.00	9,665,000.00	12,806,000.00	129,617,871.73

Provision for bad debts by portfolio	274,747,097.05	127,763,180.07			15,615,534.52	418,125,811.64
Total	410,179,007.72	129,308,141.13	10,500,000.00	9,665,000.00	28,421,534.52	547,743,683.37

[Note] Other changes refer to the transfer-in of contract assets and other non-current assets.

Of which, the amount of bad debt provision recovered or reversed during the period is significant:

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Amount recovered or reversed	Reason for reversal	Recovery method	Basis for determining the percentage of the original provision for bad debts and its rationality
Wanxiang A123 Systems Corp.	10,500,000.00		Bank transfer	The original bad debt provision was made based on preliminary negotiations with the client. In this period, a supplementary agreement was actually signed and payment had been received.
Total	10,500,000.00	/	/	/

Other notes

None.

(4). Accounts receivable actually written off during the period

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Amount written off
Accounts receivable actually written off	9,665,000.00

Of which, significant accounts receivable write-offs

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Nature of accounts receivable	Amount written off	Reasons for write-offs	Write-off procedures performed	Whether the amount arises from a related transaction
Jiangxi Velo Battery Co., Ltd.	Payment for goods	9,440,000.00	The parties reached a settlement and waived part of the payment.	Management approval	No
Wanxiang A123 Systems Corp.	Payment for goods	225,000.00	The parties reached a settlement and waived part of the payment.	Management approval	No
Total	/	9,665,000.00	/	/	/

Notes on the write-off of notes receivable:

□Applicable √Not Applicable

(5). Top five accounts receivable and contract assets in terms of closing balances, grouped by owing party

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance of Accounts Receivable	Closing balance of Contract assets	Closing balance of Accounts Receivable and contract assets	Percentage of combined Accounts Receivable and contract assets closing balance (%)	Closing balance of Provision for bad debts
No. 1	462,474,979.70	18,294,000.00	480,768,979.70	18.12	130,749,616.19
No. 2	462,001,713.40	15,481,076.18	477,482,789.58	17.99	72,663,408.33
No. 3	168,406,546.83	17,812,771.83	186,219,318.66	7.02	16,991,995.02
No. 4	131,159,277.00	14,236,900.00	145,396,177.00	5.48	17,127,041.20
No. 5	124,842,315.72	19,258,000.00	144,100,315.72	5.43	36,149,447.98
Total	1,348,884,832.65	85,082,748.01	1,433,967,580.66	54.04	273,681,508.72

Other notes

None.

Other notes:

☐Applicable ☒Not Applicable**2. Other Receivables****Item presentation**☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	60,647,598.28	102,004,409.49
Total	60,647,598.28	102,004,409.49

Other notes:

☐Applicable ☒Not Applicable**Interest receivable****(1). Classification of interest receivable**☐Applicable ☒Not Applicable**(2). Significant overdue interest**☐Applicable ☒Not Applicable**(3). Disclosure by bad debt provision method**☐Applicable ☒Not Applicable

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts

Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of interest receivable for which a change in the provision for losses occurred during the period:

☐Applicable ☒Not Applicable

(4). Provision for bad debts

☐Applicable ☒Not Applicable

Of which the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

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

☐Applicable ☒Not Applicable

Of which significant interest receivable write-offs

☐Applicable ☒Not Applicable

Write-off instructions:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Dividends receivable

(1). Dividends receivable

☐Applicable ☒Not Applicable

(2). Significant dividends receivable aged over 1 year

☐Applicable ☒Not Applicable

(3). Disclosure by bad debt provision method

☐Applicable ☒Not Applicable

Provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Description of the provision for bad debts on an individual basis:

☐Applicable ☒Not Applicable

Provision for bad debts on a portfolio basis:

☐Applicable ☒Not Applicable

Provision for bad debts based on general model of expected credit losses

☐Applicable ☒Not Applicable

Basis of classification of each stage and percentage of provision for bad debts
Please refer to Note V.11 Financial Instruments.

Description of significant changes in the carrying amount of dividends receivable for which a change in the provision for losses occurred during the period:

☐Applicable ☒Not Applicable

(4). Provision for bad debts

☐Applicable ☒Not Applicable

Of which the amount of bad debt provision recovered or reversed during the period is significant:

☐Applicable ☒Not Applicable

Other notes:

None.

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

☐Applicable ☒Not Applicable

Of which significant write-offs of dividends receivable

☐Applicable ☒Not Applicable

Write-off instructions:

☐Applicable ☒Not Applicable

Other notes:

☐Applicable ☒Not Applicable

Other Receivables

(1). Disclosure by age

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Age of accounts	Closing balance	Opening balance
Within 1 year		
Where: less than 1 year sub-item		
Within 1 year	5,798,386.68	28,327,924.37
Subtotal less than 1 year	5,798,386.68	28,327,924.37
1 to 2 years	4,975,390.47	80,841,396.90
2 to 3 years	72,728,641.47	9,110,991.38
More than 3 years	9,492,183.68	60,844,456.99
3 to 4 years		
4 to 5 years		
More than 5 years		
Total	92,994,602.30	179,124,769.64

(2). Classification by nature of funds

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Nature of payment	Closing balance	Opening balance
Amounts from related parties in consolidation	72,003,485.03	149,279,012.46
Deposit Guarantee	16,169,789.91	19,536,647.50

reserve fund	2,818,738.03	5,178,512.18
Other	2,002,589.33	5,130,597.50
Total	92,994,602.30	179,124,769.64

(3). Provision for bad debts

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses (no credit impairment) over lifetime	Expected credit losses over lifetime (credit impairment incurred)	
Balance on January 1, 2024	1,416,396.21	12,126,209.54	63,577,754.40	77,120,360.15
January 1, 2024 Balance in the current period				
--Transfer to Phase II	-248,769.52	248,769.52		
--Transfer to Phase III		-10,909,296.22	10,909,296.22	
--Reversal to phase II				
-- Reversal phase I				
Withdrawal for the current period	-877,707.36	-719,374.27	-42,694,376.91	-44,291,458.54
Reversal during the period			481,897.59	481,897.59
Charge-offs during the period				
Write-offs during the period				
Other changes				
Balance on December 31, 2024	289,919.33	746,308.57	31,310,776.12	32,347,004.02

Basis of classification of each stage and percentage of provision for bad debts

Classification criteria for each phase: Phase I is for accounts aging less than 1 year, phase II is for accounts aging 1-2 years, and phase III is for accounts aging more than 2 years and individual provision.

Description of significant changes in the carrying amount of other receivables for which a change in the provision for losses has occurred during the period:

□Applicable √Not Applicable

The amount of provision for bad debts in the current period and the basis used to assess whether there is a significant increase in the credit risk of a financial instrument:

□Applicable √Not Applicable

(4). Provision for bad debts

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Type	Opening	Amount of change during the period	Closing
------	---------	------------------------------------	---------

	balance	Withdrawal	Recovery or reversal	Charge-offs or write-offs	Other changes	balance
Provision for bad debts on an individual basis	4,330,000.00	251,500.00	481,897.59			4,099,602.41
Provision for bad debts by portfolio	72,790,360.15	- 44,542,958.54				28,247,401.61
Total	77,120,360.15	- 44,291,458.54	481,897.59			32,347,004.02

Where the amount of the provision for bad debts reversed or recovered during the period is significant:

☐Applicable ☒Not Applicable

Other notes

None.

(5). Other receivables actually written off during the period

☐Applicable ☒Not Applicable

Of which significant write-offs of other receivables:

☐Applicable ☒Not Applicable

Notes on write-off of other receivables:

☐Applicable ☒Not Applicable

(6). Top five other receivables by closing balance, grouped by owing party

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Name of unit	Closing balance	Percentage of total closing balance of other receivables (%)	Nature of payments	Age of accounts	Provision for bad debts Closing balance
Hangke Electronics Trading Hong Kong Limited	71,884,000.00	77.30	Intercourse funds	Within 1 year: 1,057,000.00 yuan, 1-2 years: 1,181,000.00yuan, 2-3 years: 69,646,000.00 yuan	21,123,800.00
PACIFIC GLOBAL LOGISTICS INC	2,871,920.00	3.09	Security deposit	2-3 years	861,576.00
Fujiang River Energy Technology Co., Ltd.	2,384,920.00	2.56	Security deposit	1-2 years	357,738.00

Zhejiang Zhixin Holding Group Co., Ltd.	2,280,000.00	2.45	Security deposit	More than 3 years	2,280,000.00
Hengdian Group DMEGC	1,800,000.00	1.94	Security deposit	More than 3 years	1,800,000.00
Total	81,220,840.00	87.34	/	/	26,423,114.00

(7). Presented in other receivables due to centralized management of funds

□Applicable √Not Applicable

Other notes:

□Applicable √Not Applicable

3. Long-term equity investments

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Investments in subsidiaries	188,951,762.24		188,951,762.24	132,131,762.24		132,131,762.24
Investments in associates, joint ventures						
Total	188,951,762.24		188,951,762.24	132,131,762.24		132,131,762.24

(1). Investments in subsidiaries

√Applicable □Not Applicable

Unit: Yuan Currency: RMB

Investee	Opening balance (book value)	Opening balance of provision for impairment	Increase/decrease during the period				Closing balance (book value)	Closing balance of provision for impairment
			Additional investments	Reduced investment	Provision for impairment	Other		
CHR Japan Co., Ltd.	69,432,800.00						69,432,800.00	
Hangke Electronics Trading Hong Kong Limited	650,000.00						650,000.00	
Hangke	62,048,962						62,048,962	

Technology Germany GmbH	.24						.24	
HANGKE ELECTRONICS TECHNOLOGY (SINGAPORE) PTE. LTD.			56,820,000.00				56,820,000.00	
Total	132,131,762.24		56,820,000.00				188,951,762.24	

(2). Investments in associates, joint ventures

☐Applicable ☒Not Applicable

(3). Impairment test of long-term equity investments

☐Applicable ☒Not Applicable

Other notes:

None.

4. Operating income and operating costs**(1). Operating income and operating costs**

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in previous period	
	Income	Costs	Income	Costs
Main business	2,848,650,186.14	1,966,622,494.26	3,878,525,193.99	2,482,915,079.56
Other business	25,688,725.68	943,573.73	40,681,558.79	698,874.13
Total	2,874,338,911.82	1,967,566,067.99	3,919,206,752.78	2,483,613,953.69

(2). Breakdown of operating income and operating costs

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Contract classification	Total	
	Operating income	Operating costs
Type of commodity		
Charging and discharging equipment	2,531,565,399.90	1,743,747,702.72
Other equipment	294,926,421.10	213,538,283.51
Accessories	22,158,365.14	9,336,508.03
Other	25,688,725.68	943,573.73
By business area		
Within the border	2,026,020,276.04	1,451,541,643.29
Abroad	848,318,635.78	516,024,424.70
Type of market or customer		
Type of contract		

Classification by time of transfer of goods		
Product (transferred at a certain time point)	2,869,646,301.77	1,966,622,494.26
Revenue recognized based on the performance progress	4,692,610.05	943,573.73
Classification by contract duration		
Classification by sales channel		
Total	2,874,338,911.82	1,967,566,067.99

Other notes

☒Applicable ☐Not Applicable

Revenue recognized in the current period included in the opening book value of contract liabilities was RMB 1,222,403,923.51.

(3). Description of performance obligations

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Time for fulfilling performance obligations	Important payment terms	Nature of the goods that the Company commits to transfer	Whether or not the primary responsible person	Company's share of expected refunds to customers	Types of quality assurance offered by the Company and related obligations
Sales of goods	Upon acceptance	Prepayment, payment for shipment, acceptance payment, warranty payment	Charging and discharging equipment, other equipment	Yes	/	Guaranteed quality assurance
Provision of services	Upon completion of service	Payment after service is provided	Repair and renovation	Yes	/	None
Total	/	/	/	/	/	/

(4). Statement of apportionment to remaining performance obligations

☐Applicable ☒Not Applicable

(5). Significant contract changes or significant transaction price adjustments

☐Applicable ☒Not Applicable

Other notes:

None.

5. Investment income

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount incurred in the	Amount incurred in previous
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	current period	period
Income from long-term equity investments accounted for under the cost method		
Income from long-term equity investments accounted for by the equity method		
Investment income from disposal of long-term equity investments		
Investment income from trading financial assets during the holding period		
Dividend income earned on investments in other equity instruments during the holding period		
Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of investments in other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Income from financial products	1,009,726.03	2,439,369.87
Loss on discounting of receivables financing	-1,174,872.58	-2,025,381.87
Loss on discounted Notes Receivable		-131,234.45
Investment income on options	83,541.00	-5,313,254.44
Interest income on current loans	2,278,841.38	2,841,106.35
Investment income obtained from disposing of financial assets held for trading	755,203.47	
Total	2,952,439.30	-2,189,394.54

Other notes:

None.

6. Other

☐Applicable ☒Not Applicable

XX. Additional information

1. Breakdown of non-recurring gains and losses for the period

☒Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Item	Amount	Remarks
Gains and losses on disposal of non-current assets, including elimination of Provision for impairment of assets	14,897.80	
Government grants recognized in profit or loss for the current period, except for those government grants that are closely related to the	6,091,696.66	

Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuing impact on the Company's profit or loss		
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	429,299.16	
Occupancy fees charged to non-financial corporations included in profit or loss for the period		
Gains and losses on entrusted investments or management of assets		
Gains and losses on external entrusted loans		
Losses of assets due to force majeure factors such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment	10,500,000.00	
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the investee's identifiable net assets at the time of investment acquisition		
Net profit or loss of subsidiaries for the period from the Beginning of the period to the date of consolidation arising from business combinations under the same control		
Gains and losses on exchange of non-monetary assets		
Debt restructuring gains and losses		
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for relocating employees		
One-time effect on current period's profit or loss due to adjustments in tax, accounting and other laws and regulations		
One-time share-based payment expense recognized for cancellation and modification of equity incentive plans		
For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the date of exercise of the option		
Gains and losses arising from changes in the fair value of investment properties subsequently measured using the fair value model		
Gains arising from transactions at significantly unfair prices		
Gains and losses arising from contingencies unrelated to the Company's normal business operations		
Custodial fee income earned on trusteeship		
Non-operating income and expenses other than those listed above	1,223,591.54	
Other items of profit or loss that meet the definition of non-recurring profit or loss		
Less: Income tax effect	2,786,469.85	
Impact of minority interests (after tax)		
Total	15,473,015.31	

The Company shall explain the reasons for defining non-recurring profit and loss items that are not listed in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss" as non-recurring profit and loss items and the amount of such non-recurring profit and loss items that are material, and for defining non-recurring profit and loss items that are not listed in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss" as recurring profit and loss.

☐Applicable ☒Not Applicable

Other notes

☐Applicable ☒Not Applicable

2. Return on net assets and earnings per share

☒Applicable ☐Not Applicable

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	6.35	0.54	0.54
Net profit attributable to ordinary shareholders of the Company after extraordinary gains and losses	6.05	0.51	0.51

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

☐Applicable ☒Not Applicable

4. Other

☐Applicable ☒Not Applicable

Chairman: Yan Lei

Date of submission approved by the Board of Directors: April 28, 2025

Revision information

☐Applicable ☒Not Applicable