Company code: 688777 Company abbreviation: SUPCON

Zhejiang SUPCON Technology Co., Ltd.
2023 Semi-Annual Report

Important Notes

I. The company's board of directors, board of supervisors, directors, supervisors, and senior managers guarantee the authenticity, accuracy, and completeness of the content of the semi-annual report, and that there are no false records, misleading statements, or major omissions, and assume individual and joint legal responsibilities.

II. Major Risk Warning

The company has elaborated in this Report the various risks and countermeasures that the company may face in the course of business operations. Please refer to the "Risk Factors" section of Section 3 "Management Discussion and Analysis" of this Report. Investors are advised to pay attention to investment risk.

III. All directors of the company attended the board meeting.

IV. This semi-annual report has not been audited.

V. CUI SHAN, the person in charge of the company, Fang Yongsheng, the person in charge of accounting work, and Mao Feibo, the person in charge of the accounting department (accounting supervisor), declared the authenticity, accuracy and completeness of the financial report in the semi-annual report.

VI. Profit distribution plan for the reporting period approved by the board of directors or plan for capitalization of public reserve funds.

None

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

"☐ Applicable" "☑ Not applicable"

VIII. Disclaimer of Forward-Looking Statements

"☑ Applicable" "☐ Not applicable"

Forward-looking statements such as the company's future plans and development strategies involved in this report do not constitute the company's substantive commitments to investors. Investors are advised to pay attention to investment risks.

IX. Whether there is any non-operational occupation of funds by controlling shareholders and other related parties

No

X. Whether there is any external guarantee provided in violation of the prescribed decision-making procedures

No

XI. Whether there is any situation where more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the semi- annual report disclosed by the company

No

XII. Others

"☐ Applicable" "☑ Not applicable"

Table of Contents

Directory of documents for future reference	Financial statements with the signatures and seals of the person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting department (accounting officer).
	The originals of all company documents and announcements publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period.

Section 1 Interpretation

In this report, unless the context otherwise requires, the following words have the following meanings:

Interpretation of frequently used words		
Company, the company, SUPCON	Refers to	Zhejiang SUPCON Technology Co., Ltd.
Sinopec	Refers to	China Petrochemical Corporation and its subsidiaries
CNPC	Refers to	China National Petroleum Corporation and its subsidiaries
Hangzhou Yuancheng	Refers to	Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership), shareholder of the company
Chint Electric	Refers to	Zhejiang Chint Electric Co., Ltd., shareholder of the company
Sinopec Capital	Refers to	Sinopec Group Capital Co., Ltd., shareholder of the company
CNNC Fund	Refers to	CNNC (Zhejiang) Emerging Industry Equity Investment Fund (Limited Partnership), shareholder of the company
Lenovo Beijing	Refers to	Lenovo (Beijing) Co., Ltd., shareholder of the company
Shanghai Tanying	Refers to	Shanghai Tanying Investment Partnership (Limited Partnership), shareholder of the company
Lanxi Yihui	Refers to	Lanxi Puhua Yihui Investment Partnership (Limited Partnership) (former name: Lanxi Yihui Investment Partnership (Limited Partnership)), shareholder of the company
Citibank	Refers to	Citibank (China) Co., Ltd., shareholder of the company
CIC	Refers to	CIC Enterprise Management Consulting (Shanghai) Co., Ltd.
Industry 3.0	Refers to	One of the stages of industrial development, which has continued since the 1970s and refers to the widespread application of electronics and information technology in the industry, which has greatly improved the degree of automation and control of the manufacturing process
Industry 4.0	Refers to	The latest stage of industrial development, also known as the fourth industrial revolution, or the

		era of intelligence
Process Industry	Refers to	Industries that use chemical reaction, separation or mixing to create new products, improve existing products or process waste, such as chemical, petrochemical, electric power, pharmaceutical, metallurgy, building materials, etc.
Intelligent Manufacturing	Refers to	Based on the new generation of information technology, it runs through all links of manufacturing activities such as design, production, management, and service, and is a general term for advanced manufacturing processes, systems, and models with functions such as information depth self-perception, intelligent optimization self-decision-making, and precise control self-execution. With the characteristics of intelligent factory as the carrier, intelligent key manufacturing links as the core, end-to-end data flow as the basis, and network interconnection as the support, it can effectively shorten the product development cycle, reduce operating costs, improve production efficiency, and improve products . Quality, reduce resource and energy consumption
Automatic Control System	Refers to	Devices that use automation control technology to automatically adjust and control the production process can generally be divided into distributed control systems (DCS, also known as distributed control systems), safety instrumented systems (SIS) and networked hybrid control systems (PLC), etc.
OMC	Refers to	Operation Management & Control System. It is a new-generation system framework for the highly autonomous operation of process industrial devices proposed by the company in combination with customer needs and the

		development of new-generation information technology. It surpasses the capabilities of traditional distributed control systems and realizes the integration of production, operation, management and control. The structure integrates the massive industry knowledge and experience of manufacturers and users more conveniently and effectively, and realizes the major innovation and upgrade of the process industry from traditional automation to intelligent autonomous operation
DCS	Refers to	Distributed Control System, an industrial automation control system based on controllers and field devices, which collects relevant process signals into the system, monitors or other control operations are performed by the operating station, and is characterized by decentralized control, centralized operation, and hierarchical management.
SIS	Refers to	Safety Instrumented System. A system consisting of a combination of sensors, logic controllers, and final components that can realize one or more safety functions, mainly for the alarm and interlocking part of the factory control system, to implement alarm actions or adjustments to the detection results in the control system or shutdown control
Networked Hybrid Control System	Refers to	Based on the Universal Communication Protocol (UCP) network structure, the product is adapted to the scattered use of the site, and it is a control system that meets the control requirements of continuous or semi-continuous industrial processes and large-scale infrastructure sites. It integrates multiple control functions, visualization, network and information. technology to

		provide fully integrated solutions for various applications
CCS	Refers to	Compressor Control System. Composed of a stable and reliable hardware platform and a dedicated optimized control software package, it is used to complete the parameter display, alarm, control, adjustment and interlocking logic protection of the compressor unit, and realize the anti-surge control, performance adjustment and speed adjustment of the compressor, etc. , to ensure the safe and stable operation of the compressor unit
SCADA	Refers to	Supervisory Control And Data Acquisition. A computer-based production process control and scheduling automation system can monitor and control the on-site operating equipment
Industrial Software	Refers to	A series of software based on the automation control system to solve the coordination and optimization problems in production planning management and actual production control
APEX	Refers to	Advanced Process Engineering Expert, a process simulation and design platform for the process industry. It is a general-purpose process simulation software. By calculating and describing the process, it plays the role of process simulation and prediction, so as to provide guidance for engineering design, production operation, and device transformation, so as to achieve the goals of safe production, cost reduction and efficiency increase. Based on APEX, it can accurately describe the actual production process of the factory and predict the future production operation, assisting the decision-making optimization of the whole life cycle of the factory.
APC	Refers to	Advanced Process Control. A system that assists the automation

		control system in handling complex production process control to achieve smoothness improvement and card edge optimization of complex processes that cannot be effectively handled by conventional control
MES	Refers to	Manufacturing Execution System. An information management system for the whole process from production planning, production scheduling, organization, execution, control, to the production of qualified products
Instrumentation	Refers to	Instruments installed in industrial production sites for the measurement or control of process parameters such as pressure, flow, temperature, material/liquid level, including transmitters, actuators and other detection instruments, etc.
Control Valve	Refers to	A control device that regulates fluid flow in an industrial process control system, also known as a regulating valve. Process parameters such as fluid pressure, temperature, flow rate, and liquid level can be adjusted by controlling the fluid flow
Pressure Transmitters	Refers to	A device that uses pressure sensing elements to convert physical pressure parameters such as gas and liquid into standard electrical signals (such as 4~20mA) or digital communication (such as Modbus-RTU protocol) to provide instructions Alarm instrument, recorder, control system and other secondary instruments for measurement, indication and process adjustment
Safety Barrier	Refers to	The safety interface of the intrinsically safe circuit is also called a safety retainer. It can transmit electrical signals bidirectionally between the safe area and the dangerous area, and

		can limit the energy transfer from the safe area to the dangerous area caused by faults
5T	Refers to	5T technology is the first one proposed by the company, facing major industrial problems and important needs, based on automation technology AT (Automation Technology), information technology IT (Information Technology), process technology PT (Process Technology), operation technology OT (Operation Technology)) and equipment technology ET (Equipment Technology) deeply integrated technology
EPA	Refers to	Ethernet for Plant Automation. A new open network communication platform suitable for communication between industrial field devices formed by applying mainstream technology in the field of communication to industrial control systems
Fieldbus	Refers to	An all-digital, two-way, multi-station underlying data communication system that is applied in the field of automation and connects field devices and automation systems
HART	Refers to	Highway Addressable Remote Transducer, an open communication protocol for addressable remote sensor highway. Launched by Rosemount Corporation of the United States, it realizes digital signal communication on the analog signal transmission line, and belongs to the transitional product from analog system to digital system.
FF	Refers to	Foundation Fieldbus. Launched by the Fieldbus Foundation in the United States, based on the ISO/OSI open system interconnection model, the physical layer, data link layer, and

		application layer are taken as the corresponding layers of the FF communication model, and the user layer is added to the application layer
Profibus	Refers to	Adopt German standard (DIN19245) and European standard (EN50170) field bus, introduced by German Siemens company, including Profibus-FMS, Profibus-DP and Profibus-PA, applicable to different automation fields
ARC	Refers to	ARC Advisory Group. A consulting company focusing on the industrial field, providing customers with market, technology, operation and strategic consulting services
MIR	Refers to	Beijing MIR Delka Consulting Information Service Co., Ltd., a consulting company focusing on market research in the industrial field (B2B), especially in the fields of automation, power transmission and distribution, new energy, buildings, medical equipment, and general equipment
gongkong.com	Refers to	Gongkong (Beijing) Information Technology Co., Ltd., a consulting company in the field of industrial control, provides industry users with comprehensive information on manufacturers, products, technologies, applications, etc.
TUV Certification	Refers to	The German abbreviation of the Technical Supervision Association (Technischer Überwachungs Verein), is a safety certification mark customized for component products by organizations such as TUV Rheinland, TUV Süd and TUV North Germany
CE Certification	Refers to	The French abbreviation of the European Community (Communate Europpene), is the European Union's mandatory safety certification mark for products sold in the member state

		markets, and is also an internationally common safety certification
SIL Certification	Refers to	Safety Integrity Level Certification. A certification for safety integrity level of safety equipment, including hardware reliability calculation and evaluation, software evaluation, environmental test, electromagnetic compatibility test, etc.
Achilles	Refers to	Internationally renowned industrial control network security certification, which provides proactive and preventive technical solutions to improve network reliability and security, and can verify the tolerance of industrial automation components and networks when they are attacked. Achilles Level 2 is the highest level
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
Articles of Association	Refers to	The company's current and effective articles of association
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
NDRC	Refers to	National Development and Reform Commission, People's Republic of China
MIIT	Refers to	Ministry of Industry and Information Technology of the People's Republic of China
Ministry of Finance	Refers to	Ministry of Finance of the People's Republic of China
STA	Refers to	State Administration of Taxation of the People's Republic of China
GACC	Refers to	General Administration of Customs of the People's Republic of China
Yuan, 10,000 yuan, 100 million yuan	Refers to	RMB yuan, RMB 10,000, RMB 100 million
Reporting Period	Refers to	January 1 - June 30, 2023

Section 2 Company Profile and Key Financial Indicators

I. Basic information of the company

Chinese name of the company	Zhejiang Supcon Technology Co., Ltd.
Chinese abbreviation of the company	SUPCON
Company's foreign name	Zhejiang Supcon Technology Co.,Ltd
Abbreviation of the company's foreign name	SUPCON
The legal representative of the company	CUI SHAN
Company registered address	No.309 Liuhe Road, Binjiang District, Hangzhou City, Zhejiang Province
Historical change of company registered address	None
Company office address	No.309 Liuhe Road, Binjiang District, Hangzhou City, Zhejiang Province
The zip code of the company's office address	310053
Company website	http://www.supcon.com
E-mail	ir@supcon.com

II. Contacts and contact information

	Board secretary (domestic representative for information disclosure)	Securities Affairs Representative
Name	Fang Yongsheng	Zhong Fei
Contact address	No. 309 Liuhe Road, Binjiang District, Hangzhou City, Zhejiang Province	No. 309 Liuhe Road, Binjiang District, Hangzhou City, Zhejiang Province
Tel	0571-86667525	0571-86667525
Fax	0571-81118603	0571-81118603
E-mail	ir@supcon.com	ir@supcon.com

III. Place for information disclosure and storage

The name of the media selected by the company for information disclosure	China Securities Journal, Securities Times, Securities Daily and Shanghai Securities News
Address of the website where the semi-annual report is published	http://www.sse.com.cn/
Place for storage of semi-annual report of the company	Securities Department of the Company

IV. Profile of Company Stocks/Depositary Receipts

(i) Company stock profile

"☑ Applicable" "☐ Not applicable"

Company stock profile				
Stock type	Stock exchange board	Stock abbreviation	Stock code	Stock abbreviation before change
A-shares	Science and	SUPCON	688777	Not applicable

	Technology Innovation Board of Shanghai Stock Exchange			

(ii) Profile of Company Depositary Receipts

"☑ Applicable" "☐ Not applicable"

Brief Introduction of Company Depositary Receipts					
Securities Type	Conversion Ratio of Depository Receipts to Underlying Stocks	Listing exchanges and sectors of depositary receipts	Depository Receipt for short	Depositary receipt code	Abbreviation of depositary receipts before change
Global Depositary Receipt	Each GDR represents 2 A shares of the company	Swiss Stock Exchange	Not applicable	SUPCON	Not applicable

Depositary institution	Name	Citibank
	Office address	388 Greenwich Street, New York, New York 10013 United States of America
	Person in charge	-
Custodian	Name	Industrial and Commercial Bank of China Limited, Beijing, Zurich Branch
	Office address	Nüschelerstrasse 1,8001 Zurich, Switzerland
	Person in charge	Henry Luo

V. Other relevant information

"☐ Applicable" "☑ Not applicable"

VI. Major accounting data and financial indicators of the company

(i) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	This reporting period (January-June)	Last year	Increase/decrease in the reporting period compared with the same period of the previous year (%)
Operating revenue	3,641,206,964.84	2,666,814,415.61	36.54
Net profit attributable to shareholders of listed companies	510,711,580.63	313,546,833.30	62.88
Net profit attributable to shareholders of listed companies after deduction of non-	423,871,173.02	238,521,514.09	77.71

recurring gains and losses			
Net cash flows from operating activities	-983,409,229.13	-558,744,135.82	Not applicable
	At the end of the reporting period	Last year end	Change at the end of the reporting period compared to the end of the previous year (%)
Net assets attributable to shareholders of listed companies	9,277,734,569.681	5,257,932,435.83	76.45
Total assets	17,056,654,418.33	13,062,623,039.84	30.58

(ii) Major Financial Indicators

Major Financial Indicators	This reporting period (January-June)	last year	Increase/decrease in the reporting period compared with the same period of the previous year (%)
Basic earnings per share (yuan/share)	0.67	0.44	52.27
Diluted earnings per share (yuan/share)	0.67	0.43	55.81
Basic earnings per share after deducting non-recurring gains and losses (yuan/share)	0.56	0.33	69.70
Weighted average ROE (%)	7.56	6.76	An increase of 0.80 percentage points
Weighted average return on equity after deducting non-recurring gains and losses (%)	6.27	5.15	An increase of 1.12 percentage points
Proportion of R&D investment to operating income (%)	11.16	10.29	An increase of 0.87 percentage points

Explanation of the company's main accounting data and financial indicators

"☑ Applicable" "☐ Not applicable"

1. The company's operating income in the first half of 2023 was 3641.207 million yuan, an increase of 36.54% over the same period last year; Net profit attributable to shareholders of listed companies was 510.7116 million yuan, an increase of 62.88% over the same period of last year; Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses was 423.8712 million yuan, an increase of 77.71% over the same period last year. The company further promoted the "135 customer value innovation model", further strengthened the core competitiveness of products, technologies and solutions, significantly improved the depth and breadth of customer service, and obtained orders increased year-on-year; At the same time, the company's management reform continues to deepen, digital transformation accelerates, and the company's operation and management capabilities and organizational effectiveness continue to improve.

2. The net cash flow generated by the Company's operating activities in the first half of 2023 was -983.4092 million yuan, down 76.00% from the same period of last year, mainly because on the one hand, the Company significantly increased inventory to cope with global supply chain risks, and the payment for goods increased significantly; On the other hand, the company has always paid the annual bonus of

the previous year in the first half of the year, which has a great impact on cash flow, but with the arrival of the peak of cash recovery in the second half of the year, the annual cash flow will be significantly increased.

3. At the end of the reporting period, the net assets attributable to the shareholders of the listed company increased by 76.45% as compared with the end of the previous period, mainly due to the increase in the raised funds and undistributed profits received by the company during the reporting period.

4. At the end of the reporting period, the total assets of the Company increased by 30.58% as compared with the previous period, which was mainly caused by the expansion of the company's main business scale and the funds raised by the company's issuance of GDRS.

5. The company's basic earnings per share in the first half of 2023 was 0.67 yuan, an increase of 52.27% over the same period last year; Diluted earnings per share of 0.67 yuan, an increase of 55.81% over the same period last year; The basic earnings per share after deducting non-recurring gains and losses was 0.56 yuan, an increase of 69.70% over the same period last year, mainly due to the increase in the company's net profit attributable to shareholders of listed companies over the same period last year.

VII. Differences in accounting data under domestic and foreign accounting standards

"☐ Applicable" "☑ Not applicable"

VIII. Non-recurring profit and loss items and amounts

"☑ Applicable" "☐ Not applicable"

Unit: Currency: RMB

Extraordinary profit and loss items	The amount	Notes (if applicable)
Gains and losses on disposal of non-current assets	-528,671.65	VII. 73; VII. 75
Unauthorized approval, or no formal approval documents, or accidental tax return, reduction and exemption of government subsidies included in the profit and loss of the current period, but closely related to the normal business of the company, in line with national policies and provisions, in accordance with a certain standard quota or quantitative government subsidies continued to enjoy	45,033,476.62	VII. 84
Fund occupancy fees charged to non-financial enterprises included in current profit and loss		
The investment cost of the enterprise to obtain subsidiaries, associates and joint ventures is less than the income generated by the fair value of the		

identifiable net assets of the invested unit that should be enjoyed when the investment is obtained		
Non-monetary asset exchange gains and losses		
Profit and loss from entrusting others to invest or manage assets	51,474,764.48	VII. 68
Provisions for asset impairment due to force majeure factors, such as natural disasters		
Debt restructuring profit and loss		
Enterprise reorganization expenses, such as expenses for relocating employees, integration expenses, etc.		
Profit and loss exceeding the fair value of a transaction whose transaction price is obviously unfair		
Net profit and loss for the current period from the beginning of the period to the date of combination of subsidiaries arising from a business combination under common control		
Profit and loss arising from contingencies unrelated to the normal business operations of the company		
In addition to the effective hedging business related to the company's normal business operations, gains and losses from changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, as well as disposal of transactional financial assets and derivative financial assets Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	81,072.92	VII. 68; VII. 70
Accounts receivable and contract asset impairment provision that have been individually tested for impairment	1,532,377.58	VII. 5
Profit and loss from external entrusted loans		
Profit and loss arising from changes in the fair value of investment real estate that adopts the fair value model for subsequent measurement		
The impact of one-time adjustment to the current profit and loss in		

accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee income from entrusted operations		
Other non-operating income and expenses other than those listed above	851,455.22	VII. 74; VII. 75
Other profit and loss items that meet the definition of non-recurring profit and loss		
Less: Income Tax Impact Amount	11,340,304.47	
Amount affected by minority shareholders' equity (after tax)	263,763.09	
Total	86,840,407.61	

For the non-recurring profit and loss items defined by the company in accordance with the "Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Gains and Losses", and the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - - Non-recurring profit and loss items listed in "Extraordinary profit and loss" are defined as recurring profit and loss items, and the reasons shall be explained.
"☐ Applicable" "☑ Not applicable"

IX. Explanation of non-business accounting standards performance indicators
"☐ Applicable" "☑ Not applicable"

Section 3 Management Discussion and Analysis

I. Description of the company's industry and main business during the reporting period

(1) Basic information of the industry to which the company belongs during the reporting period

1. The basic situation of the industry to which the company belongs

The company is committed to meeting the automation, digitization, and intelligence needs of the process industry, and strives to build a factory operation management and control system (OMC), a "factory operating system + industrial APP" intelligent factory technology architecture, and a process industry process simulation and design platform (APEX) The intelligent manufacturing product and solution system with three product technology platforms as the core, comprehensively assists the process industry to realize production process automation (Process Automation, PA) and business operation automation (Business Automation, BA), and empowers enterprise factories to operate intelligently and autonomously , Excellent operation of the future factory leaps and changes.

The process industry is the pillar industry of the national economy and the mainstay of the manufacturing industry. After decades of development, China has become the country with the largest process industry in the world. However, the average technology and operation level of the domestic process industry is still relatively backward, and there is an urgent need for automation, digitalization, and intelligent upgrades to enhance the new momentum of industrial development. According to the statistics of China Gongkong.com, in the first half of 2023, China's process industry automation market achieved a year-on-year growth of 3.8% driven by the demand for automation in the chemical and petrochemical industries, and the market scale further expanded; and with the continuous deepening of industrial automation and the industrial With technology upgrading and entering a new stage of high-quality development, intelligent manufacturing has become the main theme of industrial upgrading, and industrial enterprises' demand for intelligent manufacturing is increasing day by day.

Intelligent manufacturing is a concept proposed in the field of industrial automation in recent years, aiming to improve the degree of digitization, networking and intelligence on the basis of automation of production and manufacturing processes. However, compared with international advanced enterprises, the development level of intelligent manufacturing in my country's process industry enterprises is still low, and the supply capacity of domestic intelligent manufacturing cannot efficiently match the needs of enterprises under the background of high-quality development. There is still a lot of room for improvement in the overall industry.

2. Industry development

1) The overall market for automation control systems continues to grow

The company's automation control system segment covers distributed control systems (DCS), safety instrumented systems (SIS) and networked hybrid control systems and other products. In recent years, the automation control system has been highly valued by governments at all levels and the key support of national industrial policies. Important policy plans such as the "14th Five-Year development plan for the deep integration of informatization and industrialization" and the "14th Five-Year development plan for raw material industry" continue to guide the development of the industry with clear and broad market prospects, and also provide an excellent production and operation environment for enterprises in the industry.

With the continuous upgrading of related industries and the promotion of national regulations and policies, automation control system products are expected to be further popularized and gradually begin to develop in the direction of high-end, large-scale, joint control and focus on follow-up maintenance. According to the statistics of China Gongkong.com and MIR, the market size of China's industrial control systems (including DCS, SIS, and networked hybrid control system products) in 2022 will be 32.79 billion yuan, and the main application industries are chemical, petrochemical, electric power, municipal, metallurgy, oil and gas , food, pharmaceuticals, building materials, paper and intelligent equipment , etc.

In 2022, the market size of DCS products has reached 11.70 billion yuan, achieve a year-on-year increase of 5.2%. MIR predicts that the DCS market will maintain steady growth from 2023 to 2027, with an annual growth rate of 9.8% to 14%. With the accelerated application and popularization of next-generation information technologies such as digital twins, big data, artificial intelligence, industrial Internet, VR /AR, and 5G, the connection between DCS and high-tech will more effectively help the industry achieve high-quality development.

2022, the market size of SIS products was 2.45 billion yuan, and the growth rate was the same as that of the previous year. China Gongkong.com predicts that the Chinese SIS market will maintain a steady growth trend of 5.8% compound annual growth rate in the next three years. The continuous deepening of policies on environmental protection, safety, and upgrading of chemical parks and the implementation of related planning projects in the "14th Five-Year Plan" will bring more market opportunities. It is expected that the chemical and petrochemical industries will be the main growth drivers of the SIS market.

2) The scale of the industrial software market is growing rapidly

The company's industrial software sector covers six categories of industrial software, including production control, basic software, safety and environmental protection, asset management, supply chain management, and energy management, which are mainly used in petrochemical, chemical, electric power, oil and gas, pharmaceutical, food, metallurgy, and building materials fields.

According to the data from the Ministry of Industry and Information Technology, in the first half of 2023, China's software business revenue was 5,517 billion yuan, a year-on-year increase of 14.2% , and the total profit was 617 billion yuan, a year-on-year increase of 10.4%. The industry's operating situation continued to improve, and the total profit increased significantly. During the "14th Five-Year Plan" period, China increased its efforts in industrial transformation and upgrading, and vigorously developed the high-end intelligent equipment industry, and the scale of the industrial software market grew rapidly. According to the data of the Ministry of Industry and Information Technology, in the first half of 2023 , the revenue of China's industrial software products was 124.7 billion yuan, a year-on-year increase of 12.8%; the revenue of information security products and services was 85.6 billion yuan, a year-on-year increase of 10.8%. It should be noted that due to the late start of the development of industrial software in my country, there is still a certain gap in the development level compared with the first-mover countries. Various suppliers rely on their own industry accumulation to occupy a certain market share in subdivided fields, but the overall development The level is still not systematic and comprehensive, and the concentration is relatively low. The "14th Five-Year Plan Intelligent Manufacturing Development Plan" has highlighted the establishment of a special column for key industrial software breakthroughs and improvements. It is planned that by 2025, the rate of numerical control of key processes in industrial enterprises across the country, the rate of digitalization of operation and management, and the rate of penetration of digital R&D and design tools will reached 68%, 80% and 85% seperately, and the number of industrial APPs exceeded 1 million. The trend of localization and substitution of industrial software is accelerating, and it is expected to be applied to more subdivided scenarios in the future .

Industry 4.0 is an industrial revolution driven by software, in the process of the manufacturing industry moving towards Industry 4.0, information technology with industrial software as the leading role will become the core driving force of industrial transformation. It has become a priority to vigorously develop industrial software and realize the localization of software at the same time. The core demand for the upgrading and transformation of my country's manufacturing industry. Therefore, from a comprehensive perspective of industry development and user needs, the in-depth implementation of intelligent manufacturing and the continuous transformation of the process industry will drive the domestic industrial software market to maintain an upward trend. According to China Insights Consulting, China's process industry software market will reach 206.6 billion yuan in 2026, with a compound annual growth rate of 10.8%. According to the forecast of Gongkong.com, users in petrochemical, chemical, metallurgy, electric power and other industries are rapidly increasing their enthusiasm for investment in industrial software such as advanced control and online optimization based on the need to improve economic efficiency and improve the intelligent level of production systems; During the "14th Five-Year Plan"period, advanced control and online optimization, as an important part of realizing the "dual carbon target" and implementing green manufacturing, will still maintain a compound annual growth rate close to 13%.

3) The scale of the instrumentation market grows steadily

The company's instrumentation segment covers regulating valves, pressure transmitters, flow meters, level meters, analyzers, safety barriers, isolators and other products, which are mainly used in chemical, petrochemical, fine chemical, coal chemical, pharmaceutical, metallurgy, electric power, etc. industry.

Instrumentation is the basis for the deep integration of informatization and industrialization and an important equipment for realizing industrial automation and intelligent manufacturing. For a long time, the domestic instrumentation industry in the field of industrial automation has a low concentration, with a surplus of low-end products, mid-to-high-end products still rely on imports, and the high-end user market is dominated by large foreign companies. However, in recent years, domestic instrumentation technology has made rapid progress. It has started independent research and development and mastered some core technologies, and gradually replaced foreign brands in the chemical, petrochemical, electric power, metallurgical and other industries. The industry's domestic substitution is ushering in a historical opportunity.

According to the statistics of Gongkong.com, the market size of mainstream instruments and meters (including control valves, pressure transmitters, flow meters, material and liquid level instruments, online analysis instruments, safety barriers, etc.) in China's process industry in 2022 exceeded 47.26 billion yuan, a year-on-year An increase of 6.1 %, the mainstream downstream application industries are chemical, petrochemical, electric power, oil and gas, metallurgy, food and beverage, papermaking, municipal administration, pharmaceuticals, building materials, etc. Among them, the market size of regulating valves was 19.20 billion yuan, a year-on-year increase of 5.5%; the market size of pressure transmitters was 5.20 billion yuan, a year-on-year increase of 4.0%; the market size of online gas analysis instruments was 372 million yuan, a year-on-year increase of 5.1%; The safety barrier market size was 1.19 billion yuan, an increase of 8.2% year-on-year, all of which maintained a stable growth trend.

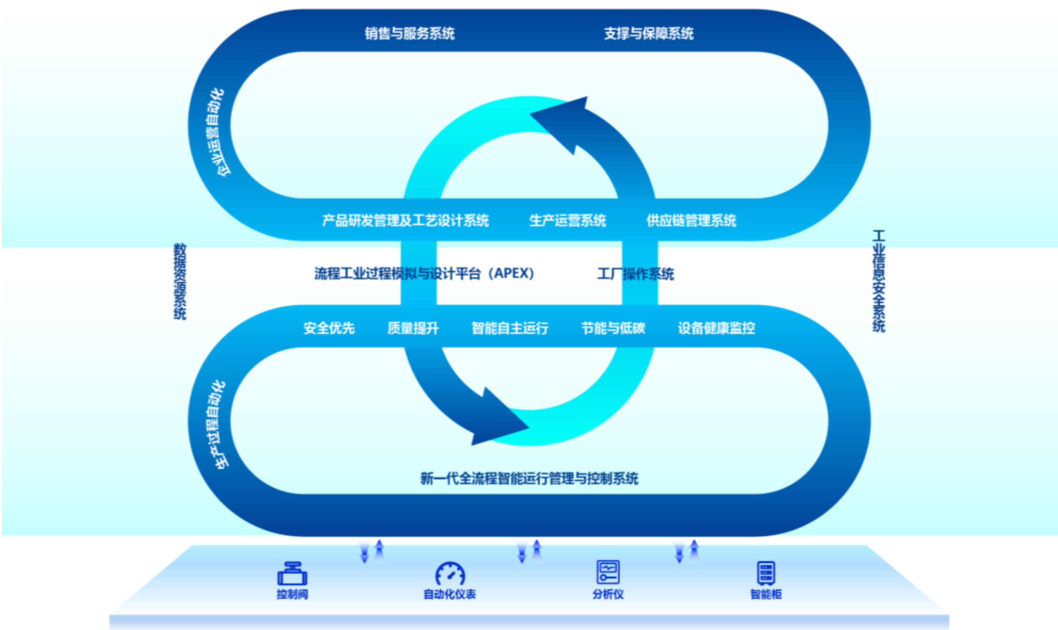
(2) Main business, main products or services

1. Main business

The company follows the vision & mission of "making industry smarter, making life easier", adheres to independent innovation, focuses on the needs of process industry automation, digitalization and intelligence, and takes the core drive of innovative technology, the key support of cutting-edge products, the process reshaping of core business, and the upgrading and innovation of working mode. Fully assist the Process industry to achieve production Process Automation (PA) and Business Automation (BA), enabling enterprise factories to transform into intelligent autonomous operation and excellent operation of the future factory. To this end, the company strives to build "135 customer value innovation model" for industry 3.0+ Industry 4.0, and deeply builds a new one-stop industrial service model of "5S store + S2B platform". Focus on creating a new generation of intelligent operation management and control system (OMC), "factory operating system + industrial APP" technical architecture and process industrial process simulation and design platform (APEX) three product technology platform as the core of intelligent manufacturing products/solutions system, focusing on the layout of 5T technology (automation technology AT, information technology IT, process technology P T, operation technology OT and equipment technology ET), is committed to solving the problems that cannot be solved by a single technology in the industrial field through 5T integration and innovation, supporting the major industry needs in the transformation and upgrading of the process industry, and opening up the whole life cycle business chain of engineering design, engineering construction, operation management, and operation and maintenance services. Build the three core technology engines of "data base, algorithm base and model base", define and reshape the new form of process industry, lead the process industry to accelerate "intelligent change", support the major industry needs of the process industry in the transformation and upgrading, and achieve the high-quality development goals of "safe production, energy saving and consumption reduction, quality improvement, cost reduction and efficiency improvement, and green environmental protection".

In the first half of 2023, the company comprehensively promoted business integration and upgrading, and built two business architectures of production process automation and enterprise operation automation based on the Data Resource System (DRS). Production process automation refers to the whole production process of the factory from raw materials to products, the use of advanced technology, equipment, operation, information, automation and other technologies and integrated innovation, to achieve safe, stable, efficient, low-carbon intelligent autonomous operation, including five major systems: Operation Management & Control System (OMC), Safety-Priority System (SPS), Quality Improvement system System (QIS), Energy saving & Low Carbon System (ELC), Equipment Health Supervisory System (EHS).

Enterprise operation automation refers to the enterprise operation, based on the "factory operating system + industrial APP" model, the use of AI, big data, digital twins and other advanced technologies and management innovation, to achieve intelligent, high-quality, sustainable operation excellence, including five systems: Product development Management and process Design System (R&DS), Production Operation System (POS), Supply chain Management system (supply-chain management) System (SMS), Sales & Service System (SSS), Support & Guarantee System (SGS).



2. Main products and services

(i) Data resource system

The data resource management system covers the intelligent data ecosystem of data modeling, data operation (processing, management, service) and data insight, aiming to provide enterprises with one-stop data product services and build data-driven enterprises with data as the core productivity. In the field of data modeling and asset management, it integrates the industry 4A methodology to create a one-stop data modeling (business object, logical entity, physical entity, etc.) and data asset management system for enterprises; Through IDP, knowledge graph and other technologies, different roles in enterprises can collaborate efficiently to build data models; Create a standardized metadata management system, provide a global unified data asset portal, and achieve a comprehensive, efficient and secure data service mode, with clear rights and responsibilities for data asset management system. In the field of intelligent decision assistance, by unifying the whole process of management data analysis and integrating NLP/AI and other technologies, we can create a Q&A interactive report experience for the business operation team of enterprises, improve the efficiency of report research and development, and bring convenient interactive experience to the business team. To realize the manager/operator's comprehensive real-time monitoring of KPI and provide support for intelligent decision-making.

(ii) Industrial information security system

(iii) Intelligent autonomous operation system

Intelligent autonomous operation system is the core basic subsystem of production process automation. It integrates intelligent, digital and automation technologies to realize intelligent perception, intelligent control, intelligent operation, intelligent optimization and intelligent operation and maintenance of production equipment, and meets the functional requirements of the whole process control, safety control, unit control, logic control, process operation and operation management. Mainly includes the following core products:

1) Operation Management and Control System (OMC)

Operation Management and Control System (OMC) is a new generation system architecture for highly autonomous operation of process industrial equipment, which is proposed by the company in combination with customer needs and the development of a new generation of information technology. Integrated factory operating system, industrial artificial intelligence and Internet of Things (AIoT), advanced industrial network, intelligent optimization, model prediction and other advanced technologies, beyond the traditional distributed control system capabilities, to achieve the integration of production operation management and control. At the same time, the open architecture of OMC can more conveniently and efficiently integrate the massive industry knowledge and experience of manufacturers and users, realize the integration and reconstruction of industrial process autonomous control, operation efficiency optimization, production operation management and other functions, and achieve "less humanized" and even "unmanned" operation. Mainly used in chemical, petrochemical, electric power, pharmaceutical food, metallurgy, building materials and other industries.

2) Programmable Logic Controller (PLC)

PLC (Programmable Logic Controller) can be programmed logic controller, based on UCP unified control protocol architecture communication network, so that the product can be applied to the field scattered occasions, can meet the continuous or semi-continuous industrial process, as well as large-scale infrastructure control needs. Integrated visualization, network, information and other technologies to provide a complete integrated solution for various applications, central control technology PLC with high reliability, full redundancy, high density, distributed, information security and other characteristics, widely used in oil and gas pipeline, petrochemical, fine chemical, coal chemical, metallurgy, pharmaceutical and other industries. As well as rail transit BAS, tunnel environmental control, water conservancy monitoring, integrated pipeline corridor, sewage treatment, water supply and water purification and other municipal projects, it is also suitable for small and medium-sized units, major equipment and other scenarios.

3) Compressor Control System (CCS)

CCS (Compressor Control System) consists of a stable and reliable hardware platform and a dedicated optimized control software package, which is used to complete the parameter display, alarm, control, adjustment and interlocking logic protection of the compressor unit to realize the compressor Anti-surge control, performance adjustment and speed adjustment, etc., ensure the safe and stable operation of the compressor unit.

4) Field instrument

① Measuring instrument

Measuring instruments are instruments used to measure various natural quantities indirectly or directly. The measuring instrument has the characteristics of accurate measurement, clear display, simple operation, etc., and the measuring instrument has the interface with the microcomputer inside, which is an important part of the automatic control system, known as the eye of the automatic control system. Measuring instruments are mainly used in petroleum, chemical industry, electric power, metallurgy, coal, public and environmental protection, municipal transportation, light industry building materials and other fields.

② Analytical instrument

An analytical instrument is an instrument used to determine the composition, structure and certain physical properties of a substance. Because different substances have qualitative and quantitative differences in various physical and chemical properties, color, odor, thermal conductivity, wavelength of light energy absorption and magnetic differences, analysis instruments use these characteristics to complete qualitative analysis and structural analysis. Analytical instruments are mainly used in chemical, petrochemical, metallurgy, food, medicine and other industrial processes.

③ Intelligent control valve

Intelligent control valve is used to adjust the fluid medium pressure, flow and direction of the device, by changing the opening of the valve to adjust the fluid flux, so as to achieve accurate control of the fluid system. The intelligent control valve senses the parameters of the fluid system through the sensor, and adjusts the opening of the valve according to the set value, so that the system parameters remain within the set range. Intelligent control valve is used in petroleum, petrochemical, chemical, paper, environmental protection, energy, power, mining, metallurgy, medicine, food and other industries.

(iv) Safety priority system (SPS)

Based on the whole life cycle framework of the factory, the safety priority system sorts out the core elements of safety management at each stage. Through the innovative architecture of "factory operating system + industrial APP" and the advanced technology of data analysis integration, it monitors all kinds of safety protection barriers in real time, and builds a systematic, digital and intelligent full life cycle safety defense system. The main products include safety instrument system, gas detection and alarm system, advanced alarm management, intelligent operation navigation, major hazard monitoring and early warning, double prevention mechanism, special operation management, intelligent inspection, personnel positioning system, intelligent video analysis, training and education, contractor management, intelligent risk assessment, security technology consulting, etc.

The Safety Instrumented System (SIS) consists of sensors, logic controllers, and final execution units to implement one or more safety loop functions to meet the safety integrity level (SIL) required by the process device. SIS is the core equipment to ensure the safe operation of the factory, and provides the safety protection of equipment, personnel and the environment in the industrial production process to avoid the occurrence of vicious accidents. SIS is mainly used in the core device safety control scenarios of chemical, petrochemical, electric power, oil and gas, metallurgy and other industries.

(v) Quality improvement system (QIS)

The Quality Improvement System (QIS) uses advanced quality prediction models and optimization algorithms, combined with online monitoring equipment to analyze changes in production parameters in real time, and with AI technologies such as robotics, automatic analysis and visual recognition, the system can automatically predict the quality of key production processes and optimize production parameters. Once an anomaly or deviation from the expected problem is found, the system will quickly work with the automatic control system to take corrective measures to fully ensure the control accuracy of quality improvement measures. At the same time, a traceable and immutable product quality information chain is established through blockchain technology, and the traceability ability of supply chain transparency and quality management is enhanced. The main products include online analysis equipment, intelligent laboratory, quality soft instrument, quality prediction model, quality optimization system and quality tracking platform.

(vi) Energy Saving and Low Carbon System (ELC)

The Energy saving and Low carbon system helps industrial enterprises save energy and reduce carbon by establishing carbon awareness, carbon cognition, carbon prediction and carbon reduction capabilities. Through the detection of elemental carbon content of fuels and raw materials, improve the energy metering network, directly or indirectly measure the carbon emissions of enterprises, and comprehensively improve the carbon perception ability. On this basis, data cleaning, processing, statistical accounting modeling, big data, AI and other technical means are comprehensively applied to realize digitalization in organizational carbon inventory, product carbon footprint, energy and carbon emission management, carbon asset and carbon trading management, intelligent identification of energy consumption and carbon emission anomalies, carbon emission and carbon quota forecasting, energy demand forecasting and other business scenarios. Realize the scientific decision-making of enterprise energy-saving and low-carbon management, greatly improve the level of enterprise carbon cognition, and ensure the effective operation of energy-saving and low-carbon management mechanism.

Based on the process and equipment mechanism, industry knowledge and experience, combined with carbon emission constraint indicators, the whole process optimization model is established. By simulating the production rate, energy consumption, material consumption and carbon emission level under different working conditions, the supply chain, planning and scheduling, production scheduling and plant operation are coordinated to realize the low-carbon operation of enterprises. At the same time, in the process of energy conversion, transmission, use, recovery and other links to create energy-saving overall solutions, to achieve steam, refrigeration, circulating water, compressed air and other major public engineering systems energy-saving and efficient operation. Through the integrated use of automation, information technology, process, operation and equipment technology, namely 5T technology integration and innovation, the adoption of process system structure optimization, equipment energy efficiency improvement and transformation, operation optimization, dynamic balance of energy supply and demand regulation and waste heat and pressure recovery measures, comprehensively improve the energy utilization level of enterprises, to achieve the energy-saving and low-carbon goals of industrial enterprises.

(vii) Equipment Health Monitoring System (EHS)

Equipment health monitoring system (EHS) focuses on various types of equipment, such as dynamic, static, electrical, instrument, and control, and focuses on the whole life cycle management of equipment assets. It integrates the whole equipment asset management and daily maintenance tasks into one, synthesizes the equipment asset maintenance data of on-site project users in the process industry, and adopts various methods such as equipment physical model, knowledge model, and historical data. By analyzing and processing data through deep learning and big data technology, it provides enterprise users with accurate equipment fault warning, health prediction, maintenance plan suggestions and other information to help enterprises improve equipment management efficiency, reduce the risk of unplanned downtime and overall operating costs.

By collecting the running status and fault diagnosis data of various types of assets and devices, the EHS system implements asset management and health monitoring of all devices in the factory. Based on the failure data, the EHS system performs advanced predictive maintenance analysis and provides accurate data support for device maintenance engineers. For power equipment including mechanical equipment (such as pumps, motors, steam turbines, etc.), the EHS system uses intelligent transformation and a large number of sensors to collect detailed operating information such as vibration frequency, temperature, wheelbase changes, and fault prediction and early warning through advanced mechanism models. For static equipment (such as coolers and heat exchangers), powerful monitoring and analysis capabilities are used to accurately detect the health status of equipment such as leakage detection and corrosion monitoring, providing real-time data support for equipment maintenance engineers. Finally realize the centralized management of the whole plant equipment, real-time monitoring of equipment status, health KPI evaluation and equipment reliability analysis and other intelligent management and operation and maintenance, improve the efficiency of plant equipment management and maintenance level.

(viii) Product Development Management and Process Design System (R&DS)

The product development management and process design system provides solutions for the whole life cycle of chemical products in the process industry, from the process research and development at the beginning of the enterprise product project, through the process design, engineering design, engineering construction, digital delivery, to the factory delivery enterprise operation. Process and asset data during R&D and construction are integrated with production operation and maintenance data during operation and maintenance to provide continuous production and management services for enterprises.

In the process research and development stage, with the help of the system's accurate mechanism simulation of the core reaction and separation processes in the process, the basic process package data is formed, and the trend of energy consumption, material consumption, equipment investment and product yield of the process is tested when various process parameters are changed, so as to reduce the material cost and time cost repeatedly tested in the process research and development process. After development, the process development assets are integrated into the platform and flow into the design phase.

In process design and engineering design stage, accurate process design mechanism model and simulation can be established based on this system, and the energy-saving effect of different design schemes can be evaluated under the design premise of product quality standards, and the economy of production process can be improved at the design source. The simulation calculation based on the system can accurately evaluate the handling methods under various extreme operations or safety accidents, and solve the difficult problem of risk assessment. Process design and engineering design data can be seamlessly transferred in this system, so that the process package, PFD, PID, pipeline layout design and other key design process documents are the same root, greatly reducing the error caused by design rework, and greatly shortening the design cycle. During this period, through cloud collaborative review, different data sources and application systems are integrated, data silos are eliminated, data integration and sharing are realized, information consistency and integrity in the design process are ensured, and multi-party collaborative costs are reduced.

In the construction stage of the factory, the system provides a platform for integrated project management, flexible collection of construction data and control of construction progress and quality. At the completion and delivery stage of the factory, the digital delivery engineering of the factory is implemented based on this system, and the global management of the process is implemented to improve the delivery accuracy and lay a good foundation for the application of delivered assets in the production and operation period of the enterprise. Based on static/dynamic equipment asset data, on the basis of improving maintenance efficiency, the equipment asset data and mechanism model are connected to create a complete process twin virtual factory for enterprises, and provide accurate prediction of equipment performance and bottlenecks in different operation schemes.

(ix) Production and Operation System (POS)

The production and operation system (POS) integrates advanced technologies such as factory operating system, industrial big data and artificial intelligence. Through real-time data analysis and monitoring, it uses technical means such as intelligent sensing, Internet of Things and machine learning to mine the value of production data, automatically identify and predict potential problems, and realize the comprehensive control of the production process. Help enterprises to make more accurate production decision adjustment in time. At the same time, it helps enterprises establish the PDCA iteration cycle of performance management, realize the standardization of operation process, and improve the overall collaboration efficiency of internal and external. And optimize the production data assets, enabling the all-round management of personnel, machinery, materials, law and environment, to meet the management needs of safety, environmental protection, quality improvement, cost reduction and efficiency in the production process of enterprises. The main products of POS include planning management, production control, safety emergency, equipment management, energy management, intelligent inspection, quality management, production statistics, performance management and other functions.

(x) Supply Chain Management System (SMS)

The supply chain management system is based on the application of technologies such as automatic acquisition of field instrument data, intelligent equipment, 5G and AI algorithm, and solves the problem of de-humanization, standardization, high efficiency and intelligence of field operation and management in the supply chain field. Comprehensively solve all kinds of problems in the supply chain for vehicle and vessel pipeline transportation and loading and unloading, warehouse storage and storage, tank farm material movement and oil product coordination, dock berth management and operation, and realize comprehensive receipt and delivery, automatic inventory collection and statistics, scientific planning and scheduling, improve logistics efficiency (vehicle and vessel operation volume), accurate measurement, safe operation, effective supervision and anti-theft. SMS main products include: oil mobile management system, oil blending management system, tank farm management system, loading and unloading truck intelligent system, warehouse management system, logistics management system.

(xi) Sales and Service System (SSS)

Sales and Service System (SSS) covers the lead to payment, after-sales and service two major sectors, aiming to build a "customer-centric" integrated system for enterprises. In the field of customer relationship management, the management focuses on the customer life cycle, integrates the best practices in many sales fields, helps the Marketing Department to accurately obtain high-quality leads, helps the sales team to efficiently explore more business opportunities, accelerate transactions and improve performance, helps the service staff to improve customer satisfaction and stickiness, and generates more re-purchase orders; Through the sale of combat command digital workbench, fully enable management and front-line combat capabilities; In the field of after-sales service, service-oriented, integration of internal and external resources, to provide customers with the ultimate after-sales service experience; Through 360° customer panorama portrait, help customer service improve service efficiency; Based on the large model, create intelligent robots for enterprise after-sales, reduce the pressure of manual customer service, improve human efficiency, and reduce service costs; Combine IoT and AI technology to create intelligent remote diagnosis experience and improve after-sales service experience. Open up the business chain of sales and service, integrate the customer's sales information and service information, form a 360° portrait of the customer, and continuously gain insight into the business growth point through intelligent analysis, and finally obtain the sustainable growth of the business.

(xii) Support and Support System (SGS)

The support and security system covers the core business of enterprise management such as human resources, financial management, material supply, and shared services. Through digital and intelligent means, improve the efficiency of enterprise operation and management, and support the global business layout of enterprises. In the field of cost control, in the management field of expense expenditure, cost control management is the starting point, driven by process, from simple to complex, combined with mobile, AI, big data and other technologies, to help enterprises create a full-scene cost control integration system, to achieve the financial digitization goal of industry and financial integration. Comprehensively crack the management difficulties of traditional expense control "rule by man", and help enterprises in the full cycle of digital control such as budget preparation, budget approval, budget expense control, and budget analysis; Create a full-scene, one-stop, compliant, international, mobile, traceable business travel consumption and reimbursement experience; Realize the entire digital control of consumption, invoice, reimbursement, payment, bookkeeping, archives and integration. In terms of human resource management, with the integration of business manpower as the core, to create a digital talent system that integrates selection, use, education and retention, to drive the digital transformation of enterprise human resource management; Through the integrated HR platform, the communication and collaboration barriers between departments, regions and organizations are broken, and the collaboration efficiency of multi-departments and multi-roles is enhanced through standardized, convenient and efficient business processes. Through budget, manpower, etc., combined with the analysis of enterprise organizational structure, talent needs, employee information changes, to provide decision-making suggestions for enterprises to reduce costs and increase efficiency. Through data intelligence, 360° portrait of talents, improve organizational and talent insight and talent selection and retention efficiency.

(3) Main business model

1. R&D model

The company adopts the innovative R&D model of IPD integrated product development management. The company continues to upgrade and optimize R&D management. It is customer-centric, market-driven, and demand-oriented. It manages product development as an investment to improve R&D efficiency and reduce R&D costs. Cost, create competitive high-quality products and solutions, and support the rapid growth of the company's performance. IPD includes managing demand, managing market, managing development and managing platform and technology to realize " doing the right thing " , " doing the thing rightly" and " doing what others can't do " .

2. Production and purchasing model

The company has a stable and efficient production and purchasing mode, and coordinates purchasing activities through the planning and scheduling department, purchasing department and warehousing department; mainly adopts the independent production mode, organizes project production according to the production plan and delivery time, and completes the product in combination with project on-site technical services production, installation, commissioning and commissioning. The company actively promotes the digitalization of procurement business, establishes a supplier relationship management platform SRM, relies on information technology to effectively improve the efficient coordination ability of both parties, standardizes the whole procurement process and supplier life cycle management, promotes the standardization of business processes, and promotes the professionalization and efficiency of business management.

3. Sales model

The company mainly adopts the method of direct sales, and sells automation control systems, industrial software, instruments and meters and other intelligent manufacturing products and solutions to customers in the process industry. The company comprehensively promotes the "135 customer value innovation model", relying on 5S store + S2B, three major product technology platforms, and 5T integrated innovation technology, to comprehensively help enterprise customers realize the transformation goals of production process automation (PA) and enterprise operation automation (BA). The company has optimized and upgraded the organizational structure of marketing services, and actively created a new one- stop industrial service model of customer-centered 5S offline stores + S2B online platforms. Agile response to customer needs; the S2B industrial digital intelligent service platform integrates online shopping malls, industrial SaaS , demand dispatching , and knowledge training . The integrated digital supply chain system with online and offline linkage creates a new model of industrial services. The company fully implements and promotes the " iron triangle " formation collaborative marketing model, accurately and deeply explores the differentiated needs of users, continues to support the development of mid-to-high-end markets, and realizes in-depth strategic cooperation with major customers and grid-based full-coverage management of major projects. In terms of the construction of an international marketing system, the company continues to increase market layout and development in overseas regions such as Southeast Asia, the Middle East, Africa, and Eurasia, and has established subsidiaries in countries such as Singapore, Saudi Arabia, Japan, Netherlands, India, Malaysia, and Indonesia. Continuously improve overseas localization operation capabilities, and provide overseas users with better services, has successfully promoted the company's core product application to more than 50 countries.

(4) Analysis of the company's industry status and its changes

1. A leading company in the field of domestic process industry automation

According to MIR statistics, in 2022, the company's core product, the Distributed Control System (DCS), will have a domestic market share of 36.7%, an increase of 2.9 percentage points from the 2021 market share, ranking No.1 in the domestic DCS market share for twelve consecutive years. Among them, the company's market share in the chemical field will reach 54.8% in 2022, an increase of 3.7 percentage points compared with 2021; the company's market share in the petrochemical field will reach 44.8% in 2022, an increase of 3.2 percentage points compared with 2021; In 2022, the company's market share in the field of building materials will reach 32.9%, which is 3.9 percentage points higher than that in 2021. It ranks first in the three major industries, and has reached the international advanced level in terms of reliability, stability, and usability. According to the statistics of Gongkong.com, the domestic market share of the company's core product Safety Instrumented System (SIS) will be 29.0% in 2022, an increase of 3.3 percentage points from the market share in 2021, ranking first in the domestic SIS market share for the first time.

2. The leader of intelligent manufacturing solutions for domestic process industry

The company has been selected as the intelligent manufacturing system solution supplier and demonstration enterprise of the Ministry of Industry and Information Technology for many years. It has successively undertaken intelligent manufacturing projects of the Ministry of Industry and Information Technology (MIIT), such as the new model of intelligent manufacturing for bulk apis and pharmaceutical intermediates, pilot demonstration project of petrochemical intelligent factory, application project of new model of intelligent manufacturing for million-ton olefins, new model of intelligent manufacturing for high-end refining and chemical integration, new model of intelligent manufacturing for green chemical new material industry chain, etc. It lays a foundation for the comprehensive promotion and application of intelligent manufacturing technology in process industry. According to the statistics of China Industrial Control Network, the market share of the company's core industrial software products in 2022 ranks in the forefront, among which the domestic market share of the company's advanced control and process optimization software (APC) is 33.2%, ranking first in the domestic market share for four consecutive years. Manufacturing execution system (MES) domestic process industry market share of 19.5%, ranked first in the domestic process industry market share for the first time.

The company has comprehensively innovated and upgraded the product spectrum and overall solution of industrial automation, actively promoted the new technology of intelligent autonomous operation and control, and attracted more high-end large customers to sign large projects with its leading industrial software research and development and application strength. During the reporting period, the company signed a number of major project contracts mainly in petrochemical, chemical, lithium, food and beverage, Marine equipment and other industries, including the first large-scale application of a new generation of full-process intelligent operation management and control system in large-scale petrochemical plants, and a number of representative intelligent manufacturing projects. To make new contributions to the digital upgrading and transformation of relevant industries and the green and low-carbon development. Some of the major projects signed during the reporting period are as follows:

Industry	Project Name	Project Significance
Petrochemical	Wanhua Penglai Base Integration Project	It is the first time for Wanhua Chemical Group to use a new generation of full-process intelligent operation management and control system for the entire base and plant , and it is also the first time for large-scale application in large-scale petrochemical plants
	Zhejiang Petrochemical High Performance Resin and High-end New Material Project	The company achieved a breakthrough in the application of high-end chemical products E VA and POE process equipment , helping Zhejiang Petrochemical to build a world-class green petrochemical industrial cluster
	Shandong Yulong Petrochemical 20 million tons/year refining and chemical integration project	Achieve a breakthrough in the application of domestic control systems and intelligent manufacturing in the entire process of large-scale refining and chemical integration projects
	Ningxia GN Polymer Materials, Biodegradable Materials and Upstream Supporting Industrial Chain Smart Factory Project	Based on the new generation of full-process intelligent operation management and control system and factory operating system , build industrial APPs for production, safety, and equipment , and create a world-leading BDO intelligent production base
Oil gas	National Pipeline Group Nanshan (Shandong) natural gas Longkou Nanshan LNG receiving station phase I project	The company provides the first new major basic energy facility project for the National Pipeline Network Group since its establishment, providing an overall solution based on the control system, based on the multi-system integration cloud platform, and supported by industrial big data
	Qinghai Mona Feili Smart Factory Project	Based on the factory operating system, industrial apps such as supply chain management, intelligent storage and transportation, production, safety, personnel, equipment, and quality management have been built to realize the entire process of the "Industrial Internet + Hazardous Chemical Safety Production Management" solution in the field of oil and gas storage and transportation All-in-one application
Lithium battery	Salt Lake Lithium Extraction Project of Geji County Lithium Industry Development Co., Ltd.	The first application of the company's industrial control system in the harsh environment of 5,000 meters high altitude for the electrochemical deintercalation salt lake lithium extraction
	Lubei Wanrun 4x60,000 tons iron phosphate automatic production line project	The company's first process, pipeline, electrical, instrumentation, control system and installation general contracting EPC project fully demonstrated the company's digital overall engineering solution

		capabilities
Food and drink	Anhui Yiyi Dairy Industry Production Line with an annual output of 100,000 tons and supporting engineering projects	First set of projects in the overall EPC integration business of a large dairy factory
Marine equipment	FLNG plant liquefaction process advanced automation system project	The company's new breakthrough in the intelligent business of F LNG marine equipment will further enhance the intelligent level of China's marine core equipment
Pharmaceutical	Shaanxi Tianyu Pharmaceutical New Park Smart Factory Project	Shaanxi Province's "Advanced Manufacturing Development Project", building a smart manufacturing benchmark factory in a medical smart park with production automation, management visualization, energy consumption optimization, intelligent operation, and remote monitoring and diagnosis

In the future, the company will continue to be committed to meeting the needs of automation, digitization, and intelligence in the process industry, accelerate the development of industrial software and intelligent manufacturing solutions, and actively create "1 service model + 3 major product technology platforms + 5T technology" as the core The "135 customer value innovation model" helps process industry production process automation (Process Automation, PA) and enterprise operation automation (Business Automation, BA), empowering users to achieve "safe production, energy saving, consumption reduction, quality improvement, and cost reduction Efficiency increase, green environmental protection" goal, to become the industry's leading supplier of industrial automation, digital, intelligent products and solutions, to create value for customers and society.

II. Core Technology and R&D Progress

1. Core technology and its advanced nature and changes during the reporting period

(1) Conventional and safety integrated electronic wiring technology with SIL3 safety integrity level

To meet the needs of process industry control and safety integration, research safety electronic wiring technology and certification evaluation technology, break through key technologies such as 1oo2D electronic wiring safety architecture, high-speed signal bus safety zone 2 explosion-proof design, and safety electronic wiring complex circuit FMEA analysis and diagnosis. Developed the first safe electronic wiring product in China, which has passed the third-party SIL3 safety integrity level certification, meets the requirements of wide temperature and harsh application environments, and realizes the integration of distributed I/O and software-defined safety channels in the process industry control and safety The application greatly reduces the cable cost, shortens the project implementation cycle, and unifies the deployment and operation and maintenance methods of the distributed control system and safety instrumented system, providing customers with an innovative security integrated solution.

(2) Edge intelligent high-performance controller technology supporting AI algorithm

Breakthroughs in key technologies such as edge intelligent computing architecture, AI algorithm linkage, high-speed and high-reliability data real-time synchronization, and research and development of flexible deployment, containerization, high-performance edge intelligent high-performance controller framework, support cloud-edge collaboration, algorithm framework containerization, local , Cloud homologous deployment, with high reliability, intelligence, security, openness and other characteristics.

Realize the development interfaces of mainstream C++, Python, Java and other programming languages, and embed the mathematical core library, support the migration and collaborative interface of traditional industrial algorithms and big data algorithms, support redundant hot backup, and meet the needs of high reliability applications in the industrial field. It supports AI big data model training and reasoning, integrates edge intelligent data governance and cloud-edge multi-domain collaboration mode, and meets the complex application requirements of process industry control sites. It solves the problems of difficult development of traditional industrial algorithms, high threshold, long development cycle, difficult debugging, and ineffective accumulation of experience and knowledge. It is linked with basic control systems such as DCS and PLC to realize intelligent control of high-performance large algorithms.

(3) Whole-process intelligent operation software technology

Complex devices in the process industry have typical characteristics such as variable working conditions, time-varying processes, large lags, wide sources of raw materials, and many types of products. The production process requires frequent manual operations, with harsh working conditions, unpredictable key information, poor device stability, There are many difficulties such as low self-control rate, high energy consumption and material consumption, low product yield and pass rate. For many problems, the company has developed the parameter optimization technology of loop parameter transfer learning and interactive iterative progressive fusion, realized the dynamic self-tuning of online control parameters, and proposed a model driven by knowledge and data fusion for the production stability rate and abnormal working conditions. Parameter self-learning technology effectively solves the technical problem of model drift and mismatch due to changes in working conditions, and realizes intelligent operation control of "adaptive, self-decision, and self-execution" in complex processes. This technological achievement won the first prize of the 2022 China Petroleum and Chemical Industry Federation Science and Technology Progress Award.

This technology has been successfully demonstrated and applied in large complex petrochemical plants, organosilicon production lines, polysilicon production lines, cement production lines and other complex process industrial chemical plants, significantly improving the stability of plant operation, product selectivity, and greatly reducing energy consumption It effectively reduces the frequency of unplanned parking and manual intervention, and ensures the stable, high-yield, and optimal operation of various complex chemical plants.

(4) Zero-threshold PID tuning technology based on image recognition

Under the traditional mode, the factory is facing problems such as lack of professional tuning personnel, high cost of external expert resources and slow response speed. The company has developed a zero-threshold PID tuning technology based on image recognition. Users only need to take pictures of the loop parameter running curves to obtain PID tuning suggestions, and they can get started with zero experience, which greatly reduces the technical threshold of PID tuning, and provides a new mode of solution for the tuning work of instrumentation and control personnel. In terms of image recognition, various AI technologies such as deep learning-based template positioning, curve recognition, and OCR recognition are used for fusion application to achieve accurate extraction of complex information. Based on the results of image recognition, through the internal model control method combined with the expert experience database, the PID value is recommended for the user to achieve loop tuning. This technology is applied to PID tuning applet products, zero implementation deployment, and is isolated from the DCS system, which is convenient and safe. The product is suitable for small and medium-sized process enterprises, as well as the application scenario of improving the loop self-control rate of production equipment in large enterprises, and can effectively help enterprises improve the PID tuning professional skills of instrument control and process personnel.

(5) Edge intelligent visual inspection controller and algorithm for process industry

In view of the fact that conventional machine vision systems and equipment cannot meet the requirements of high reliability computing, intercommunication with industrial systems, rapid installation and deployment, cluster operation and monitoring when applied in the process industry, a special intelligent visual inspection controller for the process industry has been developed, which can Plug and play as an I/O card to realize highly reliable computing at the edge of complex industrial environments; built-in dozens of industry algorithms such as intelligent wine picking and reactor status detection, supporting rapid deployment; integrated into intelligent operation management and In systems such as the control system (OMC), it supports Modbus, SCNet, OPC UA and other standard industrial protocols, and communicates seamlessly with different systems such as DCS, SCADA, and real-time databases; it supports batch unified management of edge controller clusters. Thus laying the foundation for the standardized, low-cost and large-scale application of machine vision in the process industry.

(6) One-stop troubleshooting technology based on semantic recognition and knowledge base

The troubleshooting process is time-consuming and labor-intensive, prone to errors or missing information, resulting in low accuracy and low efficiency of troubleshooting. Combining semantic recognition technology with knowledge database, through dynamic update of relational fault database, extracting and establishing reasonable and accurate entity relationship, processing entity relationship to obtain structured data and importing it into graph database to complete the construction of fault knowledge database; based on semantic recognition, it is fast and clear The similar or identical problems can be located by the local query, and the fault search engine module is constructed through scientific and reasonable matching calculation methods, and the faults fed back by users are matched with the fault types in the fault knowledge database, and the corresponding solutions to the fault problems are obtained according to the matching results. This technology can provide one-stop query, processing and reporting faults, which is efficient and convenient, and greatly improves the troubleshooting efficiency of the user end.

(7) Molecular scale characterization technology of hydrocracking feedstock

In order to maximize the value of oil resources and minimize processing costs, it has become an industry consensus to further promote green chemical industry, energy conservation and emission reduction, and sustainable development. With the continuous updating of computer information technology and the rapid development of modern analysis and characterization technology, petroleum molecular engineering has become an inevitable trend in the development of the industry. Through the study of hydrocracking raw materials and their reaction products combined with petroleum molecular engineering, this technology creates a molecular matrix composed of 88 molecules. By associating the molecular matrix information with the oil product evaluation data through 103 equations, the molecular composition of hydrocracking raw materials can be quickly calculated, and molecular scale characterization of hydrocracking raw materials can be realized. On this basis, a molecular fingerprint database was constructed to provide a basis for the allocation of raw materials, and can also be used as a model for the compatibility of characterization information with the molecular reaction dynamics of hydrocracking, opening a new journey of process simulation in the petroleum processing industry from traditional lumping to molecular engineering.

(8) Intelligent management technology for the whole life cycle of industrial catalysts based on quantitative calculation

Supported by quantitative calculations, break through the key technology of micro-kinetic modeling with self-consistent coverage, and improve the accuracy of the rate simulation of catalytic reactions to an industrially applicable level. Based on this technology, the industrial catalyst management and life prediction software has been developed, and the powerful data integration and low-code development capabilities of the "factory operating system + industrial APP" mode of the central control technology have been used to realize the information management of the entire life cycle of industrial catalysts, based on quantitative calculations The real-time catalyst activity evaluation of the technology can quickly evaluate the catalytic activity under the current working conditions, so as to make up for the lack of real-time detection means in the industry, and provide timely early warning when the device is abnormal. The catalyst life prediction module analyzes the catalyst deactivation under real-time working conditions based on theoretical simulation, and provides corresponding operation optimization schemes, laying a good foundation for the intelligent management of catalysts in the process industry and accelerated iterative research and development.

(9) Application technology based on reinforcement learning and natural language large model in process industry

Based on a deep understanding of industrial scenarios, a reinforced learning environment for industrial scenarios supported by mechanism modeling, centered on industrial agents, and applicable to various working conditions has been constructed, which solves the problem that traditional AI technology is difficult to integrate deeply with industrial scenarios. Breakthroughs in key technologies such as independent exploration and optimization of unknown working conditions and independent update and iterative optimization of control strategies have laid a foundation for further industrial-scale applications. At the same time, keep up with the development trend of AIGC, carry out the exploration of natural language large model (LLMs) to reconstruct the industrial information system model, and use the intention recognition and generalization capabilities of the large model to open up business data tags based on industrial knowledge graphs and business rule bases It realizes the direct extraction and flexible assembly of industrial information from the underlying data, which is expected to change the architectural model of traditional industrial information software and greatly compress the development and implementation of industrial information software. Cost, effectively improve the ease of use and maintainability of industrial information software.

Prizes received under National Science and Technology Awards

"☑ Applicable" "☐ Not applicable"

Award name	Award year	project name	award level
National Science and Technology Progress Award	2012	Research on key technologies of automatic control and optimization integrated system for major oil refining and chemical engineering projects	Second prize
National Technology Invention Award	2009	New Generation Control System High Performance Fieldbus EPA	Second prize
National Science and Technology Progress Award	2001	Fieldbus Control System	Second prize

State-level specialization and new "little giant" enterprises and manufacturing " single champion " certification

"☐ Applicable" "☑ Not applicable"

2. Research and development achievements obtained during the reporting period

As of June 30, 2023, the company has owned 556 patents, including 384 invention patents, 145 utility model patents, 27 design patents, and 616 computer software copyrights. From January to June 2023, the company newly obtained 34 new patents (including 29 invention patents, 3 utility model patents , and 2 design patents), and newly registered 41 software copyrights.

List of intellectual property rights acquired during the reporting period

	New in this issue		Cumulative quantity	
	number of applications	Get the number (number)	number of applications	Get the number (number)
Invention patents	96	29	1,371	384
Utility model patents	26	3	207	145
Design Patents	1	2	55	27
Software copyrights	40	41	651	616
Others	0	0	0	0
Total	163	75	2,284	1,172

3. R&D investment table

Unit: yuan

	Current period	The same period last year	Range of change (%)
Expensed R&D investment	406,483,538.43	274,288,656.40	48.20
Capitalized R&D investment			
Total R&D investment	406,483,538.43	274,288,656.40	48.20
R&D investment to operating income (%)	11.16	10.29	An increase of 0.87 percentage points
Proportion of R&D investment capitalized (%)			

Reasons for major changes in total R&D investment compared with the previous year

"☑ Applicable" "☐ Not applicable"

In the first half of 2023, research and development investment increased by 48.20% compared with the same period last year, mainly due to the company's continuous increase in research and development investment, and the increase in research and development personnel caused by the increase in wages and salaries.

Reasons for large changes in the proportion of R&D investment capitalization and its rationale

"☐ Applicable" "☑ Not applicable"

4. Ongoing R&D projects

"☑ Applicable" "☐ Not applicable"

Unit: ten thousand yuan

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
1	"5T" key technology research, innovative product development and industrialization for major issues in the process industry	1,500.00	1,103.46	2,440.50	Stable and continuous promotion of research and development	Through the research and integrated application of "process technology (PT), equipment technology (ET), operation technology (OT), automation technology (AT) and information technology (IT)", breakthroughs in industrial intelligent manufacturing, digital twins, green and low-carbon and other key technologies, form integrated technology and integrated equipment, subvert the traditional design, construction, and operation modes of the process industry, solve major problems and problems in the process of	Formation of catalyst R&D technology based on quantitative calculation, key equipment design and scale-up technology based on fluid dynamics simulation, process optimization technology based on full process simulation, operation optimization technology integrating AI and mechanism, through process optimization, equipment design transformation and automation , digitalization, operational technology and other innovative	Petrochemical, chemical, metallurgy, building materials, papermaking, pharmaceutical and other industries

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						production and management of the process industry and realize industrial applications, and help the process industry achieve safety, Low-carbon, quality-improving, high-efficiency, and cost-reducing goals help the transformation and upgrading of the process industry.	integration applications, break the barriers in various technical fields, and create new products and solutions with strong core technical capabilities and high-end market competitiveness.	
2	Development and application of a new generation process industry digital twin platform driven by mechanism model	1,600.00	1,318.11	2,311.88	Stable and continuous promotion of research and development	Develop a high-precision mechanism modeling platform for industrial devices, equipment, and production processes, tackle core technologies such as full-process mechanism modeling, model online adaptive correction, and virtual control systems, and integrate 3D modeling, big data analysis, artificial intelligence, and block	Using more advanced simultaneous equation simulation technology and B/S architecture, develop efficient large-scale nonlinear equation solvers to support process verification, production optimization, working condition analysis, bottleneck analysis, accident drills, device	Petrochemical, chemical, electric power, pharmaceutical, metallurgical and other industries

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						Blockchain, VR, AR and other technologies to realize the physical twinning, process twinning and benefit twinning of the process industry, and create a new generation of process industry production model that integrates virtual and real.	transformation, simulation training, and operation Business scenarios such as optimization.	
3	Development and application of "carbon energy collaboration and carbon asset management" system in process industry	1,500.00	1,337.36	2,447.51	Stable and continuous promotion of research and development	Establish a carbon emission and energy collaborative management system for process industry enterprises, develop an industry-wide carbon emission factor library and accounting model, realize automatic carbon accounting, and help enterprises find out their carbon status in a timely and efficient manner; establish a carbon emission benchmark library to help enterprises	Adopting the technical architecture of platform + APP, covering 24 industry accounting guidelines, defining more than 150 emission accounting models, and built-in over 500 emission factor data to support automatic carbon emission accounting; with the help of big data algorithms, it automatically iterates	For all sectors of the process industry

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						actively discover abnormal carbon emissions, Initiate a timely process to deal with problems; help enterprises optimize trading strategies based on quota surplus and shortage forecasts, and reduce compliance costs; discover emission reduction space through benchmarking, find opportunities for energy conservation and carbon reduction, and assist enterprises in formulating emission reduction goals and leading emission reduction plans to implementation. Covering various business application scenarios such as corporate carbon inventory, carbon verification, carbon compliance, carbon trading, carbon asset management,	the carbon emission benchmark library, The average carbon emission prediction accuracy deviation is less than 5%; over 30 standard carbon management workflows have been developed to standardize corporate carbon management business; the software has the ability to proactively discover abnormal carbon emission information and push it in a timely manner.	

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						carbon emission data analysis, product carbon footprint evaluation, and carbon emission forecasting.		
4	A new generation of full-process intelligent operation management and control system OMC	3,500.00	2,810.34	5,161.89	Stable and continuous promotion of research and development	Adhering to the "open and intelligent" product concept, the Supcon OMC system is based on the functions of traditional distributed control systems and integrates core technical advantages such as factory operating systems, industrial AIoT, advanced industrial networks, intelligent optimization, and model predictions, and is committed to realizing process Major innovation and upgrade of industry from automation to intelligent autonomous operation.	Realize the integration and reconstruction of functions such as autonomous process control, operation efficiency optimization, and production operation management in the process industry, and achieve major technological innovations and breakthroughs in the new generation of industrial communication networks, unified digital bases, and intelligent autonomous operations. .	Become a new generation of mainstream control system for manufacturing enterprises in the process industry

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
5	Research and development of a new generation of intelligent factory management solutions	3,000.00	1,865.90	5,001.75	Stable and continuous promotion of research and development	Perspective of enterprise production value chain, assist production managers to make scientific and reasonable production decisions, realize all-round management of "people, machine, material, method, environment and measurement" of enterprises, and meet the requirements of safety, environmental protection, and improvement in the production process of enterprises. Quality, cost reduction, and efficiency enhancement.	Based on the architecture of "factory operating system + industrial APP", reconstruct the traditional factory production mode, operation mode and management mode, and build a new paradigm of a new generation of smart factories.	For manufacturing enterprises in industries such as refining and petrochemical, fine chemical, pharmaceutical, paper, food and beverage, cable, and new materials, it involves the entire business process of production control, warehouse logistics, safety emergency response, and quality management
6	Industrial safety intelligent management and control system software	2,000.00	1,638.24	3,843.90	Stable and continuous promotion of research and	The construction of industrial safety intelligent management and control system aims to effectively prevent and resolve major	Relying on next-generation information technologies such as industrial Internet of Things, big data, cloud	Covering regulated hazardous chemical production enterprises

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
	development				development	safety risks, highlighting basic safety management, safety management of major hazards, safety risk classification control and hidden danger investigation and governance dual prevention mechanism, special operation permit and operation process management, intelligent patrol inspection , Personnel positioning and other basic functions, create a new infrastructure construction of "Industrial Internet + Hazardous Chemical Safety Production" for enterprises, promote digitalization of enterprise safety basic management, precise risk warning, systematic risk management and control, unmanned dangerous	computing, artificial intelligence (AI), and digital twins, build an intelligent management and control platform for industrial enterprise safety risks, and empower enterprises in terms of perception, monitoring, early warning, disposal, and evaluation. Crack the pain points, difficulties, and blocking points of safe production. Empowering the digital transformation of industrial enterprises' safe production standardization, providing compliant, professional, intelligent all-element + full-process safety management series	(approximately 7,000) and hazardous chemical storage enterprises (approximately 1,000). More than 100,000 petrochemical and chemical enterprises across the country have promoted and applied it. It can be extended to industries such as pharmaceuticals, metallurgy, energy, electric power, public works, and discrete manufacturing.

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						operations, and remote operation and maintenance assistance In order to realize the digital transformation of safety risk management and control of hazardous chemical enterprises, new kinetic energy has been injected into intelligent upgrading.	products and solutions.	
7	Research and application of high performance intelligent control system for major projects	4,190.00	24.62	6,013.73	Completed	The independent controllable high-performance hardware computing platform of domestic processors and independent micro-kernels , research and development of independent controllable high-performance intelligent manufacturing systems for major engineering projects.	1. The intelligent control system supports 200,000 IO signal points, supports no less than 100 control stations, and no less than 200 operating stations; 2. The core processor of the intelligent control system adopts domestic chips and an independent micro-kernel operating system to achieve independent	Typical industries such as petrochemical, chemical and electric power

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
							controllable.	
8	Integration and demonstration application of network collaborative manufacturing support platform for process industry	640.80	5.98	1,988.96	Completed	Develop a process industry-oriented software-defined network collaborative manufacturing support system architecture and technical standards, a new generation of "platform + industrial APP" software application platform and industrial APP ecosystem.	Facing the industrial application requirements of multiple industries, multiple fields, and multiple scenarios, build an industrial APP service chain with multi-party participation and cross-domain collaboration, and solve the problems of multi-variable, strong coupling, and nonlinear process objects in the actual process industry that are difficult to describe with mathematical models , The whole process dynamic stability control problem.	Typical industries of process industries such as chemical, petrochemical, and electric power
9	Key technologies	4,528.00	868.02	2,992.21	Stable and continuous	Establish the object structure model of the	Establish the object structure model of the	Petrochemical, chemical,

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
	and application demonstration of intelligent control of whole life cycle of mainframe pump system based on industrial Internet				promotion of research and development	whole life cycle of large-scale pumps, carry out research on key technologies such as online monitoring, fault diagnosis, life prediction, and energy efficiency optimization of large-scale pumps, and integrate basic data of pumps, real-time working conditions, characteristic information of pump status, Maintain data systems such as records to realize intelligent operation, maintenance and control of the entire life cycle of mainframe pumps.	whole life cycle of mainframe pumps, research on-line monitoring, fault diagnosis, life prediction and energy efficiency optimization of mainframe pumps, and improve the accuracy of intelligent diagnosis and predictive maintenance.	equipment and other industries
10	Security integration enhances key equipment R&D and application verification	901.00	468.32	1,495.50	Stable and continuous promotion of research and development	Carry out collaborative enhanced design of industrial control equipment functional safety and information security, integrate online analysis of key safety indicators,	1. Responsible for the research and development of integrated security interconnection enhancement devices; 2. Responsible for	Major installations, process industries

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						dynamic adaptation and collaborative verification, develop safety integrated dynamic analysis and prediction enhancement devices, and integrated security interconnection enhancement devices for multi-system connections .	research and development of safety integrated intelligent control system.	
11	Intelligent analysis software for lean management and control of product quality in the whole value chain	793.70	393.18	393.18	Stable and continuous promotion of research and development	In the diversified production scenarios of the process industry, there are problems such as massive multi-source heterogeneous data information difficulties, multi-field knowledge integration, and resource and service coordination problems. Focus on making breakthroughs in key technologies such as multi-source heterogeneous terminal data management, operational knowledge and	1. Research on cloud-edge-device collaborative architecture and IT, OT, AT integration technology that supports real-time response and elastic computing; 2. Research and develop intelligent analysis system software for product quality lean management and control, support function library and tool set, and the accuracy	Rubber tire, food and beverage and other process industries

Serial number	Project name	Estimated total investment scale	Amount invested in this period	Cumulative investment amount	Progress or initial resullts	Expected goal	Technical level	Specific application prospects
						data fusion , cloud data aggregation analysis, and unified scheduling of resources and services, and realize the intelligent analysis system software for quality lean management and control based on cloud-edge-end collaborative architecture. Carry out application verification in the beverage and rubber tire industries.	reaches the level of similar foreign software.	
Total	/	24,153.50	11,833.53	34,091.01	/	/	/	/

5. R&D personnel

Unit: 10,000 yuan Currency: RMB

Basic Situation		
	Current period	The same period last year
Number of R&D personnel in the company (person)	2,282	1,905
The ratio of the number of R&D personnel to the total number of the company (%)	34.55	33.66
Total salary of R&D personnel	33,647.80	23,445.08
Average salary of R&D personnel	14.74	12.31

Education level		
Educational structure	Quantity (person)	Proportion (%)
PhD student	13	0.57
Postgraduate	447	19.59
Undergraduate and below	1,822	79.84
Total	2,282	100
Age structure		
Age range	Quantity (person)	Proportion (%)
Under 30 years old (excluding 30 years old)	1,034	45.32
30-40 years old (including 30 years old, excluding 40 years old)	882	38.65
40-50 years old (including 40 years old, excluding 50 years old)	294	12.88
50-60 years old (including 50 years old, excluding 60 years old)	66	2.89
60 and over	6	0.26
Total	2,282	100

6. Other instructions

"☐ Applicable" "☑ Not applicable"

III. Analysis of core competitiveness during the reporting period

(1) Core Competitiveness Analysis

"☑ Applicable" "☐ Not applicable"

1. Technology and R&D advantages

In recent years, the company has continued to deepen the field of industrial automation, improved scientific research and innovation capabilities, presided over and participated in national key research and development programs, industrial Internet innovation and development projects, and provincial-level "leading soldiers" and "leading geese" research and development programs, providing a strong foundation for the company's technological innovation. power. During the reporting period, the company won a new scientific research award at or above the provincial and ministerial level: the "Pollution Source Control Big Data Intelligent Analysis and Decision System and Application" project won the first prize of the 2022 China Petroleum and Chemical Automation Industry Science and Technology Progress Award (early 2023 announcement).

1) Abundant technical reserves

The company is committed to meeting the industrial digital needs of the process industry. Based on the automation control system, it focuses on the development of digital industrial software technology and products to form intelligent manufacturing solutions with multi-industry characteristics. Strong research and development strength, with a solid technical foundation and product development capabilities. The company has always insisted on breaking the technical barriers of multinational companies through independent innovation , continued to increase R&D investment and R&D platform construction, established three core product lines of automation control system, industrial software and instrumentation, and carried out 5T on the basis of the three product lines. Technology upgrade research and development, with national enterprise technology center, national and local joint engineering laboratory, Zhejiang provincial key laboratory, provincial enterprise research institute and provincial high-tech research and development center, etc. The perfect R&D structure provides a good platform for the company's R&D activities, and has successfully obtained a series of invention patents, technical awards, product certifications, international standards and national standards. In the first half of 2023, the company presided over the formulation of 2 international standards, undertook and participated in the release of 47 national standards and 2 industry standards. In the first half of 2023, the company participated in the preparation of 7 national standards.

As of June 30, 2023, the company has 556 authorized patents (including 384 invention patents, 145 utility model patents and 27 design patents), of which 34 newly authorized patents in the first half of 2023 (including 29 invention patents, 3 utility model patents and 2 design patents); obtained 616 computer software copyright registrations, of which 41 new software copyright registrations were obtained in the first half of 2023.

2) Sustained independent research and development capabilities

In terms of R&D talents, the company has a high-quality R&D talent team, forming a talent echelon for market research, demand analysis, technical research, product development, manufacturing, product testing, and system integration. As of the end of June 2023, the company has 2282 R&D personnel, accounting for 34.55% of the total number of employees, the number of people increased by 9.08% compared with the end of 2022, which provides a talent team for scientific research and innovation. Among them, the core technical personnel have worked in the company for more than 15 years, and the high-quality R&D team and talents Resources cast the foundation for the company's continuous independent research and development.

In terms of R&D investment, the company's R&D investment in the first half of 2023 was 406.4835 million yuan, an increase of 48.20% over the same period last year, accounting for 11.16% of operating income, continuous R&D investment provided strong support for the company's R&D and innovation activities.

In terms of research and development sites, the company has more than 17,600 square meters of scientific research sites (office space, laboratories), and has established a control system product department, an industrial software product department, a field instrument product department, a 5T technology department, a research and development platform department, and an innovation research institute and other R&D and testing departments, equipped with a large number of advanced testing equipment at home and abroad, and has a laboratory accredited by the China Conformity Assessment Committee (CNAS); it has a reliability life laboratory, industrial communication and network laboratory, information integration and factory modeling laboratory , industrial control safety laboratory and other professional laboratories, and completed the construction of the intelligent manufacturing laboratory to realize the simulation verification of the process manufacturing environment.

In terms of research and development projects, the company has hosted and participated in a number of national and provincial scientific research projects in recent years, including national key research and development plans, major national science and technology projects, industrial foundations, industrial Internet innovation and development projects, and key scientific and technological projects in Zhejiang Province. As of 2023 June 30, the company is hosting and participating in a number of research projects by the Ministry of Industry and Information Technology and the Ministry of Science and Technology. The rich scientific research projects provide a strong impetus for the company's technological innovation.

2. Product system and customer resource advantages

The company has built three core product lines of automation control system, industrial software and instrumentation, as well as intelligent manufacturing solutions, which are mainly used in oil and gas, petrochemical, chemical, electric power, pharmaceutical, metallurgy, building materials, papermaking and other process industries. Based on the perfect product system from instrumentation at the field equipment level, automation control system at the process control level to industrial software at the manufacturing execution level, the company can meet the individual needs of different downstream users, thereby increasing the company's core competitiveness.

In the first half of 2023 , the company will further enhance the comprehensive competitiveness of its products, continue to iterate on the three core product lines and release a number of heavyweight new products: the new SaaS product PID Tingtong can provide lightweight, zero-deployment online services through WeChat applets, Combining innovative technologies and capabilities such as image recognition and expert consultation, quickly provide PID tuning suggestions for process, instrumentation and implementation teams in petrochemical, chemical, pharmaceutical and other process industries, improve the operating status of control loops , and improve the level of self-control ; automatic equipment health monitoring The software InPlant MP3000 can realize all-weather real-time monitoring of pump operation status , intelligent diagnosis and other full life cycle management; In Plant PharmSCADA is a medical version of SCADA software tailored for the pharmaceutical industry , which can be applied to chemical medicine, traditional Chinese medicine, biopharmaceutical, Scenarios such as vaccines and preparations help realize the integration of medical intelligent manufacturing management and control. In terms of instrumentation, the company acquired 100 % of the Dutch company Hobré International BV, which is a leader in online analyzers, sample systems and integrated product solutions in the global market. This acquisition will fill the vacancy in the domestic high-end analyzer market, improve the company's product technical strength in the field of high-end instruments and meters, and accelerate the development of the international market.

Based on the perfect product system, the company actively explores the market. With 30 years of development, it has accumulated a large number of high-quality customers and maintained long-term stable cooperative relations, which has established the company's leading position in the field of process industry and accumulated its own core Competitive Advantage. As of the end of June 2023, the company has covered 28,419 customers in the process industry field, and the customer coverage rate has further increased. Through strategic investment , strategic cooperation, etc. , the company strengthens the strategic construction of multi-ecological integration , rapidly extends the upstream and downstream of the industrial chain , and works together to build a strong strategic ecosystem to achieve a comprehensive strategic win-win situation. At the customer level, with PetroChina, Sinopec, CNOOC, Sinochem, Shangu, Shengu, Hengli Petrochemical, Wanhua Chemical, Shanghai Huayi, Hubei Sanning, Xingfa, Tongkun, Zheneng, Binhua, Xinte Energy, Dongfang Electric and many other leading enterprises have deepened strategic cooperation and provided comprehensive intelligent manufacturing products and solutions through joint innovation. At the product level, it conducts joint development with Petrochemical Yingke, Beidou Tiandi, Peimu, Dameisheng and other enterprises to continuously strengthen the layout of the entire industrial chain. The company is also actively expanding the international ecosystem and continuously enhancing its global operation capabilities. During the reporting period, the company increasingly deepened cooperation with international high-end customers such as Saudi Aramco, Shell, BASF, and ExxonMobil, and successfully won the bid for the digital project of Saudi International Maritime Industry Group, a holding company of Saudi Aramco and the world's largest single shipyard. Undertaking the safe production digital project of a large international shipping company in the Middle East marks the company's outstanding ability to empower the intelligent construction of the world's top large shipyards, and it is also a major breakthrough for the company in the discrete industry; it has successfully won the instrument procurement project of Kuwait Oil Company The order demonstrates the company's outstanding strength in the field of independent instrumentation products.

3. Marketing network and brand advantages

The company has a relatively complete marketing network and service system, and has built a sales organization structure of "domestic marketing system + international marketing system ". The domestic marketing system includes two major systems: industry key customers and 5S stores. The 5S stores cover the entire domestic chemical industry park, and the industry key account department covers the entire process industry. The international marketing system focuses on the deployment of Southeast Asia, the Middle East , Africa, Eurasia and other regions, and has established subsidiaries in Singapore, Saudi Arabia, Japan, the Netherlands , India, Malaysia, Indonesia and other countries to continuously improve overseas localized operation capabilities, and the core products have been applied to 50 Many countries and regions. By creating a new digital marketing model of "scenario-based + live marketing", an important channel for delivering information to the market and customers will be built to promote marketing transformation and improve business promotion efficiency.

A new one-stop industrial service model of "faster, more specialized, and more comprehensive" 5S offline stores + S2B online platform, through "Federal Reserve and Reserve", "Collective Procurement and Procurement" and "Supply Chain "Finance" and other innovative businesses, and an integrated digital supply chain system with online and offline linkages, to provide customers with fast, professional and ultimate services throughout the life cycle. During the reporting period, the company steadily deepened the operation of 5S stores. As of the end of June 2023, the number of the company's 5S stores has continued to increase, and a total of 177 5S stores have been built, covering 643 chemical parks across the country. The company has established a hierarchical and classified 5S store operation system and empowerment system to effectively help 5S stores improve their performance. The scale of 5S stores continued to expand. During the reporting period, the contract value of three 5S stores exceeded 100 million yuan, fully demonstrating the long-term strategic value. At the same time, the company comprehensively promotes the business partner system of 5S stores, realizes independent operation, independent accounting and benefit sharing, and stimulates the vitality of 5S stores.

Continue to strengthen the company's brand building, plan and design from the top level, formulate the company's annual international brand communication strategy, build a new brand concept and brand story, and build a more standardized brand through the standardization of brand management processes, the improvement of brand visual image and the upgrade of visual system , Modern and international brand system to enhance the company's overall brand influence. To create a "new model, new ecology, new industry" digital intelligence industry development conference and other independent brand IP tour conferences, Huayi Chemical New Material Smart Factory, Datang Wushashan Smart Power Plant, Yanchang Petroleum Smart Factory, Xingfa Chlor-Alkali Chemical The successful application experience of lighthouse factories such as independent operation of smart factories and integrated smart factories of Guangdong Petrochemical Refining and Chemical Co., Ltd. will be promoted and copied to the whole industry. Establish a high-end international brand image, and deeply participate in international high-end conferences such as the 7th iktva Forum and Expo of Saudi Aramco, Bahrain GDA International Oil and Gas Downstream Industry Conference and Expo, and ARC Asia Industry Forum. Strengthen the construction of the self-media publicity system. During the reporting period, more than 1,600 news reports were reprinted, and the high-volume and deep-seated brand influence was comprehensively improved.

(2) Events that seriously affected the company's core competitiveness that occurred during the reporting period , impact analysis and countermeasures

"☐ Applicable" ☑ "Not applicable"

IV. Business discussion and analysis

In the first half of 2023, the global macroeconomic fluctuations will increase, and the external environment will be complex and severe; the domestic market will face pressures such as shrinking demand, supply shocks, and weakening expectations, which will bring huge challenges to business operations. The national and local governments have issued a series of policies to promote the deep integration of the digital economy with advanced manufacturing and modern service industries, and promote the safe development of artificial intelligence. The company actively responds to the call, upholds the values of "customer success, striving for innovation, dedication and integrity, and pursuit of excellence", deeply participates in the wave of automation, digitization, and intelligence in advanced manufacturing, and actively cultivates artificial intelligence products and technologies in the industrial field. Thanks to the efforts of the company's management and all employees, the company's operations in the first half of the year showed great resilience and potential. During the reporting period, the total operating income was 3641.207 million yuan, an increase of 36.54% over the same period of last year; The net profit attributable to shareholders of listed companies was 510.7766 million yuan, an increase of 62.90% over the same period last year.

1. Maintain R&D investment and focus on cutting-edge technology innovation

During the reporting period, the company invested 406.4835 million yuan in research and development, an increase of 48.20%, accounting for 11.16% of the operating income. The company attaches great importance to the construction of the research and development system, continues to maintain research and development investment, and actively introduces excellent research and development talents at home and abroad. By the end of June 2023, there are 2,282 research and development personnel, accounting for 34.55% of the total number of employees of the company, and the number of people increased by 9.08% compared with the end of 2022. Combined with customers' development needs for automation control systems, industrial software, 5T technology, intelligent manufacturing solutions and other products and technologies in different industry application fields, to achieve the trend of "less humanization" and even "unmanned" production and operation of process industrial enterprises, the company is constantly increasing the migration and collaboration of automation control systems with traditional industrial algorithms and big data algorithms. At the same time, we focus on the development of AI, SAAS, solution and other types of industrial software, and continue to enrich the types of industrial software and industry application effects, and escort the company's development in the field of intelligent manufacturing in the era of artificial intelligence.

2. "135 Customer value innovation model" demonstrates the company's resilience and international market breakthrough rapidly

During the reporting period, the domestic focus on promoting the development of digital economy and advanced manufacturing industry, domestic marketing performance was better, and domestic sales revenue increased by 36.54% year-on-year. In terms of products, the revenue of industrial software and solutions containing industrial software totaled 1.108 billion yuan, an increase of 36.77%; other industrial automation and intelligent manufacturing solutions business achieved a total revenue of 1.466 billion yuan, an increase of 15.80%; Instruments achieved revenue of 205 million yuan, an increase of 76.30%. Mainly due to the significant increase in the importance and recognition of process industry customers for industrial automation and intelligent manufacturing solutions, the demand for industrial software and automation control systems has increased significantly. From the industry point of view, battery, metallurgy, energy, petrochemical, chemical industry revenue continued to maintain a rapid growth trend, battery industry revenue growth of 484.27%, metallurgical industry revenue growth of 154.71%, energy industry revenue growth of 83.09%, petrochemical industry revenue growth of 30.73%, chemical industry revenue growth of 29.76%; mainly due to the strong demand for new energy. While the demand for cobalt, lithium, nickel related metallurgical projects rose rapidly, while the demand for energy, petrochemical and chemical industries still maintained growth, providing strong support for the rapid growth of the company's performance in the first half of 2023.

In the first half of 2023, the company achieved a number of major breakthroughs in overseas markets, the company signed a new overseas contract of 304 million yuan, an increase of 109.6%. The company continues to increase the expansion of overseas markets, relying on the leading automation control system, industrial software and overseas market solution technology and product quality, the international marketing system focuses on deploying Southeast Asia, the Middle East, Africa, Eurasia and other regions, and has set up subsidiaries in Singapore, Saudi Arabia, Japan, the Netherlands, India, Malaysia, Indonesia and other countries. Continuous improvement of overseas localization operation capabilities, the company's cooperation with Saudi Aramco, Shell, BASF, ExxonMobil and other international high-end customers is deepening, successfully won the Saudi Aramco holding company, the world's largest single shipyard Saudi International Maritime Industry Group digital project, the project marks the company has the world's top large-scale shipyard intelligent construction capabilities. It is a major breakthrough for the company in overseas markets; The successful order for instruments such as pressure transmitters from Kuwait Petroleum Company demonstrates the company's outstanding strength in the field of autonomous instrument products. The company is actively seeking cooperation with high-end products and technology suppliers in the global industry, and will continue to provide intelligent manufacturing solutions for the global market and users, and continue to expand the international ecosystem and global layout operation capabilities.

3. Continuously improve operational capabilities and enhance digital management

With the rapid development of the company in the past three years, it has become an important proposition for the future long-term development of the company to build an efficient operation organization and create a young business leaders, product managers, technical experts, solution experts and management talent team who dare to pursue excellence. In the first half of 2023, the company continued to promote market LTC, research and development IPD, supply chain ISC, financial IFS and other process reform projects, and the operation management capability continued to deepen, the management expense ratio was 5.60%, down 1.19 percentage points year-on-year, the sales expense ratio was 9.31%, down 1.16 percentage points year-on-year, and the inventory turnover ratio was 0.63, achieve significant year-on-year increase. The company will also continue to improve operational efficiency, optimize organizational management, and support the long-term adaptation and development of the company's organization and business with a change management model.

With the advent of the era of artificial intelligence, the company has paid attention to the value of digital assets and the importance of digital management. It is building a full-scenario business digitalization through object digitization, process digitization, and rule digitization, and creating an index-driven excellent operation system. Fog, achieve organizational excellence. Through the guidance of digital transformation planning, the establishment of a cloud-based and service-oriented agile IT platform and other measures will accelerate the process of digital transformation, help the company to upgrade its digital transformation strategy, and make central control technology a benchmark for digital transformation in the industry.

In the second half of 2023, the company will also be based on the "PA+BA" intelligent enterprise architecture, supported by the "135 customer value innovation model", seize the golden period of the development of the digital economy and advanced manufacturing industry, adhere to the active in-depth layout of new energy, new materials and other emerging fields, and further play the advantages of the company's industrial software solutions and information and innovation solutions. Continue to explore the new needs of new and old customers, help customers to achieve the development goals of "safe production, energy saving, consumption reduction, quality improvement, cost reduction and efficiency, green environmental protection", improve the company's comprehensive service capabilities of intelligent manufacturing overall solutions, "make industry smarter, make life easier"!

Significant changes in the company's operating conditions during the reporting period, and events that have had a significant impact on the company's operating conditions and are expected to have significant impacts in the future during the reporting period.

"☐ Applicable" ☑ "Not applicable"

V. Risk factors

"☑ Applicable" ☐ "Not applicable"

1. Risks of technology upgrades and product update iterations

Rich technical reserves and continuous independent research and development capabilities are the company's core competitive advantages. However, key technologies in the fields of control systems, industrial software, and instrumentation will continue to be updated and iterated as the process industry transforms and upgrades to intelligence. In order to maintain the company's technological The advanced nature and product advantages of the company must continue to promote technological innovation and new product development to meet the ever-growing market demand.

If the company cannot accurately judge the new market demand for technology and products in the future, or fail to grasp new key technologies in time, it may lead to a decline in the competitiveness of the company's products.

2. The risk of R&D progress falling short of expectations

The company's R&D direction is "Industry 3.0+4.0 for the process industry" intelligent manufacturing solutions. Both software and hardware development need to be paralleled, and have high R&D technical difficulties. New products in demand or the progress of research and development are not as expected, which will have an adverse impact on the company's market share and operations.

3. The risk of infringement of intellectual property rights and leakage of secrets

Intellectual property rights such as patents and software copyrights owned by the company are an important part of the company's core competitiveness. If the company's intellectual property rights are violated or leaked due to reasons such as the flow of core technical personnel and poor protection of intellectual property rights, it will be weakened to a certain extent. The company's technological advantages have an adverse impact on the company's competitiveness.

4. The risk of core talent loss

The sustainable development of the company's business requires a stable group of R&D technical personnel and management personnel, and it needs to continuously attract high-quality R&D, product, sales and management personnel. Although the company has gradually built a group of capable and stable core talent teams through internal training and external introduction, and through the implementation of equity incentives, the provision of competitive salary packages, the continuous optimization of the performance appraisal system, the shaping of corporate culture, and the provision of good However, there may still be a risk of loss of core talents, which will adversely affect the company's technology research and development and sustainable business development.

5. The risk of intensified market competition

After years of development, the company is in the domestic leading position in the field of process industry intelligent manufacturing and industrial automation. The company's distributed control system (DCS) market share has been leading for many years, and has established a reliable brand image in the market. However, in the industrial automation industry, the concentration of large multinational manufacturers and local manufacturers is relatively large, and the industry concentration has a tendency to further increase. The company is facing dual competitive pressures from multinational manufacturers and local manufacturers. Multinational manufacturers have strong capital and strong comprehensive technical strength, which may intensify future market competition and affect the company's business development.

6. The risk of cyclical fluctuations in downstream industries

The company's main intelligent manufacturing solutions mainly serve the pillar industries of the national economy such as chemical, petrochemical, and electric power. The company's operating performance is closely related to the overall development and prosperity of downstream industries. Chemical, petrochemical, electric power and other industries are relatively affected by the national macroeconomic situation and policies. If the development of downstream industries fluctuates sharply or industry policies become stricter, it may cause the capital expenditure plans of relevant downstream enterprises to shrink or lag behind, which will cause serious damage to the industry in which the company operates . Adverse effects, which in turn affect the company's future performance.

7. Risks in the macro environment

Global economic growth is slowing down, inflationary pressure is increasing, and there are great uncertainties in the strength and sustainability of global economic and trade recovery. After the epidemic, the global trade pattern has become more complex, diverse and full of challenges. Trade protectionism is on the rise , and global trade frictions occur frequently. In view of the fact that the industrial automation industry chain involves global division of labor and cooperation, if global trade frictions further escalate in the future, it may increase the transaction costs of the upstream and downstream of the industry chain, which will adversely affect the company's operations. In addition, the company has been deeply involved in overseas markets for many years, and geopolitical conflicts have intensified, and bilateral or multilateral relations between specific countries and regions have become tense, which may also affect the company's local business development. Facing the uncertain domestic and foreign macro environment, the company will rely on its own advantages to find and create new profit growth points, and at the same time pay close attention to changes in macroeconomic risks and actively adjust its development strategy.

VI. Main operating conditions during the reporting period

In the first half of 2023, the company achieved an operating income of 3641.207 million yuan, an increase of 36.54% over the same period last year; Net profit attributable to shareholders of listed companies was 510,711,600 yuan, an increase of 62.88% over the same period of last year; Net profit attributable to shareholders of listed companies after deducting non-recurring gains and losses was 42,387,12 million yuan, an increase of 77.71% over the same period last year.

(1) Main business analysis

1. Analysis table of changes in relevant subjects of financial statements

Unit : Yuan Currency : RMB

Subject	Current period	The same period last year	Change ratio (%)
Operating income	3,641,206,964.84	2,666,814,415.61	36.54
Operating cost	2,458,646,909.42	1,685,239,028.39	45.89

Sales expense	338,815,835.95	279,247,770.29	21.33
Management costs	203,820,481.80	181,202,624.66	12.48
Financial expenses	-203,754,431.78	1,159,380.23	-17,674.43
R&D costs	406,483,538.43	274,288,656.40	48.20
Net cash flow from operating activities	-983,409,229.13	-558,744,135.82	Not applicable
Net cash flows from investing activities	960,583,575.17	77,165,861.09	1,144.83
Net cash flows from financing activities	3,470,984,254.43	285,619,181.00	1,115.25

The reasons for the change in operating income are explained: the main department of the company to further promote the "135 customer value innovation model", the core competitiveness of products, technology and solutions to further strengthen, the depth and breadth of customer service significantly improved, and the year-on-year growth of orders.

Reasons for the change in operating costs: mainly due to the increase in sales revenue and the corresponding increase in costs during the reporting period.

Explanation of reasons for the change in financial expenses: mainly due to the increase in exchange income during the reporting period.

The reasons for the change in research and development expenses are explained: The company continues to increase investment in research and development, and the increase in research and development personnel leads to the increase in wages and salaries.

The reasons for the change in net cash flow from operating activities are as follows: On the one hand, the Company significantly increased inventory and stock in order to cope with global supply chain risks, and the payment for goods increased significantly; On the other hand, the company has always paid the annual bonus of the previous year in the first half of the year, which has a great impact on cash flow, but with the arrival of the peak of cash recovery in the second half of the year, the annual cash flow will be significantly increased.

The reasons for the change in net cash flow generated by investment activities are explained: mainly due to the redemption of financial products during the reporting period.

The reasons for the change in net cash flow from financing activities are explained: mainly due to the company's issuance of GDR received funds raised.

2. Detailed description of major changes in the company's business type, profit composition or profit source in the current period

☐ "Applicable" ☑ "Not applicable"

(2) Explanation on major changes in profits caused by non-main business

☐ "Applicable" ☑ "Not applicable"

(3) Analysis of assets and liabilities

☑ "Applicable" ☐ "Not applicable"

1. **Assets and Liabilities**

Unit: yuan

Project name	Closing balance of current period	The ratio of the end of the period to the total assets (%)	Closing balance of last year	The ratio of last year to total assets (%)	The ratio of the amount at the end of the current period compared with the end of the previous year (%)	Situation statement
Money funds	5,037,727,604.48	29.54	1,386,855,314.37	10.62	263.25	Mainly due to the company's issuance of GDR received raised funds
Trading financial assets	1,442,000,000.00	8.45	2,275,808,701.79	17.42	-36.64	Mainly due to the redemption of financial products
Accounts receivable	2,252,012,793.07	13.20	1,732,151,960.06	13.26	30.01	Mainly due to the synchronous growth of operating income
Other current assets	22,989,369.57	0.13	413,924,666.85	3.17	-94.45	Mainly due to company's redemptions of wealth management products
Investment in other rights and interests	24,113,692.31	0.14	14,113,692.31	0.11	70.85	Mainly due to company's new foreign equity investment
Construction in progress	196,437,715.61	1.15	125,396,841.95	0.96	56.65	Mainly due to the increase of

						investment in the "fuyang industrial park - second phase expansion project"
goodwill	168,009,248.41	0.99			100.00	Mainly due to the acquisition of Dutch companies
Deferred income tax assets	70,539,019.12	0.41	44,982,306.39	0.34	56.82	Mainly due to the increase in business consolidation
Short-term loan	203,510,416.67	1.19	106,230,795.38	0.81	91.57	Mainly due to the increase in short-term borrowing
Salary payable to employees	188,508,744.43	1.11	380,933,102.72	2.92	-50.51	This is mainly due to the fact that the amount at the end of the previous year included the provision for the annual year-end bonus of the company in 2022
Tax payable	235,493,969.41	1.38	178,359,504.87	1.37	32.03	Mainly due to the increase in value added tax in the current period
Other payables	125,207,878.60	0.73	93,507,790.90	0.72	33.90	This is mainly due to the increase in withholding expenses during the period

Projected liabilities	5,613,505.04	0.03	0.00	0.00	100.00	Mainly due to the increase of the company's product quality deposit
Stock	785,924,676.00	4.61	499,566,000.00	3.82	57.32	Mainly due to the company's issuance of GDRS and the increase in capital reserves
Capital reserve	6,152,924,306.08	36.07	2,538,595,263.87	19.43	142.38	Mainly due to GDR issued by the company
Other comprehensive income	14,351,045.58	0.08	-564,553.06	0.00	Not applicable	Mainly due to an increase in the translation of foreign currency statements

Other instructions
None

2. Overseas assets

☑ "Applicable" ☐ "Not applicable"

1) Asset size

Among them: overseas assets: 437,716.52 (unit: ten thousand yuan, currency: RMB), accounting for 25.66% of total assets.

2) Relevant explanations for the relatively high proportion of overseas assets

☐ "Applicable" ☑ "Not applicable"

Other instructions
None

3. Major asset restrictions as of the end of the reporting period

☑ "Applicable" ☐ "Not applicable"

Project name	Ending book value	Restricting reason
Monetary funds	3,874,373.86	Bill deposit
	39,832,688.84	Guarantee money

	752,102.44	Litigation bond
Notes receivable	219,387,838.47	Pledge of bill
Financing receivable	253,999,067.34	Pledge of bill
Total	517,846,070.95	

4. Other instructions

☐ "Applicable" ☑ "Not applicable"

(4) Investment Situation Analysis

Overall Analysis of Foreign Equity Investment

☑ "Applicable" ☐ "Not applicable"

Unit: yuan Currency: RMB

Investment amount during the reporting period (yuan)	Investment amount in the same period of last year (yuan)	Range of change
258,226,066.18	577,666,000.00	-55.30%

1. Significant equity investment

☐ "Applicable" ☑ "Not applicable"

2. Significant non-equity investment

☐ "Applicable" ☑ "Not applicable"

3. Financial assets measured 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	Ending balance
Security assets	1,814,701.79	81,072.92				1,895,774.71		
Bank financial products	2,273,994,000.00				1,669,500,000.00	2,501,494,000.00		1,442,000,000.00
Financing of	421,387,418.83						-27,824,590.31	393,562,828.52

receivables								
Investments in other equity instruments	14,113,692.31				10,000,000.00			24,113,692.31
Total	2,711,309,812.93	81,072.92			1,679,500,000.00	2,503,389,774.71	-27,824,590.31	1,859,676,520.83

Securities Investment

☐ "Applicable" ☑ "Not applicable"

Investment status of private equity funds

☐ "Applicable" ☑ "Not applicable"

Derivatives Investment Situation

☐ "Applicable" ☑ "Not applicable"

(5) Major asset and stake sales

☐ "Applicable" ☑ "Not applicable"

(6) Analysis of major holding companies

☑ "Applicable" ☐ "Not applicable"

Company name	Major business	Registered capita	Shareholding ratio (%)	Total assets	Net assets	Net profit
Zhejiang Supcon System Engineering Co., LTD	Mainly engaged in online industrial product sales and solution promotion	5,000.00	100.00	86,857.01	8,160.47	62.67
Zhejiang Supcon Automation Instrument Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	5,002.00	100.00	56,437.47	30,610.46	4,300.92
Zhejiang Supcon Fluid Technology Co., LTD	Mainly engaged in online industrial product sales and solution promotion	10,000.00	98.27	71,611.08	32,935.64	2,381.81
Zhejiang Supcon Software Technology Co., LTD	Mainly engaged in online industrial product sales and solution promotion	4,000.00	100.00	24,289.72	583.87	-1,639.16
Supcon Technology (Hongkong) Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	Hk $18 million	100.00	6,914.69	3,543.02	-330.67
Zhejiang Supcon Xizi Technology Co., LTD	Mainly engaged in online industrial product sales	1,710.00	65.00	35,743.28	13,455.04	1,691.28

	and solution promotion					
SUPINCO AUTOMATION PRIVATE LIMITED	Mainly engaged in the Indian market business development, consistent with the parent company's main business	21,000.00 rupees	81.68	5,234.89	-1,312.35	278.79
Supcon Technology (Xian) Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	5,000.00	100.00	5,943.09	5,188.18	-74.73
Supcon Technology (Fuyang) Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	60,000.00	100.00	38,881.42	5,012.04	-119.29
Ningbo Supcon Automation Technology Co., LTD	Mainly engaged in investment consulting, enterprise management consulting and other related business	1,000.00	100.00	3,609.16	-186.81	-122.89
Hangzhou Baojie Investment Consulting Co., LTD	Mainly engaged in investment consulting, enterprise management consulting and other related business	142.00	100.00	2.31	2.31	-0.02
Zhejiang Supcon Intelligent Technology Industry Development Co., LTD	Mainly engaged in the sales of industrial products, the	5,000.00	100.00	6,987.25	3,802.30	-858.17

	promotion of solutions and localized operation and maintenance services					
Supcon Marine Equipment (Zhejiang) Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	1,000.00	51.00	1,712.63	522.49	5.10
Zhejiang Industrial Instrument Network Co., LTD	Mainly engaged in online industrial product sales and solution promotion	35,000.00	100.00	190,285.46	26,907.18	-715.84
Zhejiang Supcon Park Intelligent Butler Technology Co., LTD	Mainly engaged in the sales of industrial products, the promotion of solutions and localized operation and maintenance services	8,000.00	100.00	6,991.97	780.24	-72.08
Supcon Innovation (Beijing) Energy Technology Co., LTD. [Note]	Mainly engaged in the automation, information and intelligent business of oil and gas long distance transportation pipelines	2,600.00	66.00	12,770.08	3,912.81	745.24
Zhejiang Supcon Huiji Technology Co., LTD	Mainly engaged in online industrial product sales and solution promotion	3,000.00	78.00	3,135.75	1,588.33	-207.72
SUPCON INTERNATIONAL HOLDING PTE. LTD.	Mainly engaged in investment consulting, enterprise management	200.00 万美元	100.00	41,816.46	22,532.73	-679.38

	consulting and other related business					
Shanghai Zhiying Technology Co., LTD	Mainly engaged in technical services, technical consulting and other related business	1,000.00	100.00	1,027.43	20.57	20.53
Zhejiang Supcon Weier Oil and Gas Technology Co., LTD	Mainly engaged in the oil and gas industry industrial product sales and solution promotion	5,000.00	100.00	5,675.70	1,679.24	36.38
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., LTD	Mainly engaged in the sales of industrial products and the promotion of solutions in the wind power industry	1,000.00	67.00	85.57	71.08	-34.32
Supcon (Hangzhou) Venture Capital Co., LTD	Mainly engaged in venture capital, private equity investment fund management and venture capital fund management services	3,000.00	100.00	1,456.28	1,443.17	-56.83

[Note] Formerly known as Supcon Zhiwang (Beijing) Energy Technology Co., LTD

(7) Structured entities controlled by the company

☐ "Applicable" ☑ "Not applicable"

VII. Other Disclosures

☐ "Applicable" ☑ "Not applicable"

Section 4 Corporate Governance

I. Introduction to the General Meeting of Shareholders

Session	Date	Inquiry index of the	Disclosure date	Meeting

		designated website where the resolution is published	of resolution publication	Decision
2022 Annual General Meeting	May 17, 2023	Shanghai Stock Exchange website (www.sse.com.cn) announcement number: 2023-029	May 18, 2023	All proposals were considered and passed, and no resolution was rejected.

Shareholders of preference shares whose voting rights have been restored request to convene an extraordinary general meeting

☐ "Applicable" ☑ "Not applicable"

Explanation of the general meeting of shareholders

☑ "Applicable" ☐ "Not applicable"

During the reporting period, the company held a total of 1 annual general meeting of shareholders, and no resolution was rejected. The convening and holding of the general meeting of shareholders complied with the requirements of the "Company Law", "Articles of Association" and other relevant regulations.

II. Changes in Directors, Supervisors, Senior Management and Core Technicians of the Company

☑ "Applicable" ☐ "Not applicable"

Name	Position held	Changes
Shentu Jiuhong	Vice President	resign

Explanation on the changes of directors, supervisors, senior managers and core technicians of the company

☑ "Applicable" ☐ "Not applicable"

On May 23, 2023, the company disclosed the "Announcement on the Resignation of Senior Management of Zhejiang Supcon Technology Co., Ltd." on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), Mr. Shentu Jiuhong Due to personal reasons, he applied to resign from the position of vice president of the company. After resignation, Mr. Shentu Jiuhong will also hold other positions in the company.

Description of the identification of the company's core technical personnel

☐ "Applicable" ☑ "Not applicable"

III. Profit distribution or capital reserve conversion plan

The profit distribution plan and the plan for converting the public reserve fund into share capital prepared in the semi-annual period

Whether to allocate or increase	no
Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	0
Number of conversions per 10 shares (shares)	0

Explanation on the relevant situation of the profit distribution or capital reserve conversion plan
Not suitable

IV. The status and impact of the company's equity incentive plan, employee stock ownership plan or other employee incentives

(1) Relevant equity incentives have been disclosed in a temporary announcement and there is no progress or change in subsequent implementation

☑ "Applicable" ☐ "Not applicable"

Matters overview	query index
On February 13, 2023, the company completed the exercise registration for the third exercise period of the 2019 stock option incentive plan, with a total of 204 people exercising, and the number of exercising shares was 2.743 million shares.	For details, please refer to the "Exercise Results of the Third Exercise Period of the 2019 Stock Option Incentive Plan of Zhejiang Supcon Technology Co., Ltd." published by the company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on February 15, 2023 Cum Share Change Announcement" (Announcement No. 2023-005).
In view of the fact that the vesting conditions for the first vesting period of the company's 2021 restricted stock incentive plan have been fulfilled, the board of directors and the board of supervisors agree that the company will vest 535,818 restricted stocks for 946 incentive objects that meet the vesting conditions in accordance with relevant regulations.	For details, please refer to the vesting conditions of the first vesting period of the 2021 restricted stock incentive plan of Zhejiang Supcon Technology Co., Ltd. published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2023. Announcement of Achievements" (Announcement No. 2023-025).
In view of the fact that the 52 incentive objects granted in the company's 2021 restricted stock incentive plan resigned or voluntarily gave up their ownership, and no longer qualified as incentive objects, the restricted stock incentive objects were adjusted from 1,002 to 950, and the number of restricted stock granted was increased from 2.9895 million The number of shares was adjusted to 2,885,000 shares, and 104,500 shares were cancelled.	For details, please refer to the "Zhejiang Supcon Technology Co., Ltd. Regarding the Cancellation of Partially Granted and Unvested 2021 Restricted Stock Incentive Plan" published by the company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2023. Stock Announcement" (Announcement No. 2023-026).
On June 5, 2023, the company's 2021 restricted stock incentive plan completed the share registration for the first vesting period. All 4,000 restricted shares were granted, and 800 restricted shares attributable in the first vesting period were given up. Therefore, the actual number of incentive objects vested this time is 945, and the number of vested restricted shares is 535,018.	For details, please refer to the "Zhejiang Supcon Technology Co., Ltd. 2021 Restricted Stock Incentive Plan First Vesting Period Vesting Results and Announcement on Listing of Shares (Announcement No. 2023-032).

(2) Incentives not disclosed in the temporary announcement or with follow-up progress

Equity Incentives

☐ "Applicable" ☑ "Not applicable"

other instructions
☐ "Applicable" ☑ "Not applicable"

Employee Stock Ownership Plan Status
☑ "Applicable" ☐ "Not applicable"

1. The company's first employee stock ownership plan

In April 2019, when the company implemented the first phase of the employee stock ownership plan, a total of 382 employees participated, all of whom were employees of the company or its holding subsidiaries/branches, and held a total of 20,436,563 shares of the employee stock ownership plan. One employee stock ownership plan share corresponds to one company share, and employees participating in the employee stock ownership plan must pay the subscription money in full with currency contributions.

As of the end of the reporting period, 11 employees withdrew from the employee stock ownership plan according to regulations due to resignation. Of the 722,500 shares withdrawn, 540,000 shares were distributed to 38 employees by the employee stock ownership plan management committee, and the remaining 182,500 shares were to be distributed.

2. The second employee stock ownership plan of the company

In September 2019, when the company implemented the second phase of the employee stock ownership plan, a total of 466 employees participated, all of whom were employees of the company or its holding subsidiaries/branches, and held a total of 12 million shares of the employee stock ownership plan. One employee stock ownership plan share corresponds to one company share, and employees participating in the employee stock ownership plan must pay the subscription money in full with currency contributions.

As of the end of the reporting period, 16 employees withdrew from the employee stock ownership plan due to resignation. Of the 350,000 shares withdrawn, 190,000 shares were allocated to 14 employees by the employee stock ownership plan management committee, and the remaining 160,000 shares were to be distributed.

Other incentives
☑ "Applicable" ☐ "Not applicable"

In 2019, in order to motivate the company's executives and core personnel, Chu Jian, the actual controller of the company, transferred 39.5 million shares of the company held by him to Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership), which was used for the management of executives and core personnel. excitation. The incentive objects subscribe for the limited partnership shares of Deqing Jiafu Enterprise Management Partnership (Limited Partnership), and Deqing Jiafu Enterprise Management Partnership (Limited Partnership) subscribes for the limited partnership shares of Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership). The target indirectly holds shares in the company through Deqing Jiafu Enterprise Management Partnership (Limited Partnership) and Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership).

41 incentive objects of the company served as limited partners of Deqing Jiafu Enterprise Management Partnership (Limited Partnership), with a total investment of 26.5788 million yuan.

Section 5 Environment and Social Responsibility

I. Environmental information

Whether to establish relevant mechanisms for environmental protection	yes

Investment in environmental protection funds during the reporting period (unit: ten thousand yuan)	25.74

(1) Explanation on the environmental protection status of companies and their major subsidiaries that belong to the key pollutant discharge units announced by the environmental protection department

☐ "Applicable" ☑ "Not applicable"

(2) Explanation on the environmental protection of companies other than key pollutant discharge units

☑ "Applicable" ☐ "Not applicable"

1. Cases of receiving administrative penalties due to environmental issues

☐ "Applicable" ☑ "Not applicable"

2. Disclose other environmental information with reference to key pollutant discharge units

☑ "Applicable" ☐ "Not applicable"

The company is not a key pollutant discharge unit. According to relevant laws and regulations on environmental protection, the company handles environmental impact assessment and pollution discharge registration and filing, etc., formulates special emergency plans for environmental emergencies, regularly organizes emergency drills for environmental emergencies such as chemical leakage, strengthens the construction of emergency teams, and truly achieves Prevent problems before they happen, and build a solid line of defense for ecological and environmental protection. In view of the environmental impact generated in the process of production and operation, the company has adopted corresponding environmental protection measures as follows:

1) Waste gas treatment: The production waste gas is mainly non-methane total hydrocarbons, tin and its compounds, particulate matter, etc. The waste gas is treated by adsorption concentration + catalytic oxidation process or photo-catalysis + activated carbon adsorption treatment and then discharged at high altitude. The emission of waste gas meets the requirements of the "Comprehensive Emission Standard of Air Pollutants" (GB16297-1996). The fume exhaust gas from the canteen is discharged after passing through the fume purification processor. The emission concentration meets the requirements of the "Emission Standard of Oil Fume in Catering Industry" (GB18483-2001).

2) Waste water treatment: rain and sewage diversion, cleaning and sewage diversion are adopted, production wastewater is recycled through regulating tanks, integrated sewage treatment equipment, and multi-stage filtration systems; domestic wastewater is recycled through sewage pipes, grease traps (canteens), and septic tanks After treatment, it is discharged into the municipal sewage pipe network. Discharged sewage reaches the third-level discharge limit standard of GB8978-1996 Integrated Wastewater Discharge Standard.

3) Noise management: Reduce noise impact by taking measures such as sound insulation, noise elimination and vibration reduction. The noise at the factory boundary meets the requirements of the "Environmental Noise Emission Standards at the Boundary of Industrial Enterprises" (GB12348-2008).

4) Solid waste: Hazardous waste (waste electronic components, waste activated carbon, waste packaging barrels, etc.) is entrusted to a qualified third-party unit for disposal; general industrial solid waste such as tin slag is purchased by waste material recycling companies; domestic waste classification After collection, entrust the environmental sanitation department to clear and transport regularly;

During the reporting period, the company had no environmental violations, nor was it subject to any administrative punishment due to environmental issues.

3. Reasons for not disclosing other environmental information

☐ "Applicable" ☑ "Not applicable"

(3) Explanation on the subsequent progress or changes of the content of environmental information disclosed during the reporting period

☐ "Applicable" ☑ "Not applicable"

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

☑ "Applicable" ☐ "Not applicable"

The company implements the "double carbon" goal, is committed to ecological environment protection in the process of production and operation, and helps the country's green economy construction. The company has set up an environmental protection department and an energy management team to continuously improve the environmental protection system and pass ISO14000 certification. Carry out regular environmental inspections, entrust qualified units to test waste gas, waste water, noise, etc., to ensure compliance with emissions. Carry out diversified low-carbon environmental protection promotional activities to enhance employees' environmental awareness, and conduct regular drills on unexpected environmental incidents to prevent risks. Actively promote clean energy, optimize production processes and resource utilization, carry out technological innovation, and reduce environmental pollution from harmful substances such as lead. The company has taken multiple measures to resolutely build a green ecological barrier and help the country's green economy construction.

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

Whether to take carbon reduction measures	yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	613.54
Types of 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 actively promotes the use of clean energy. From January to June 2023, a total of 780,000 kWh of green electricity will be used, reducing the emission of 613.54 tons of carbon dioxide equivalent.

Specific instructions

☑ "Applicable" ☐ "Not applicable"

The company consistently adheres to the concept of green and low-carbon sustainable development, and actively implements the "double carbon" measures to help the new journey of ecological construction. Green and low-carbon, SUPCON has been taking action!

Create a green and smart office park. The company comprehensively promotes the layout and implementation of the company's digital intelligence source platform. Through this platform, all-round monitoring of the use of water, electricity, and electricity can be realized, and digital real-time display and data collection and analysis can be carried out to achieve effective energy management; lamps in public areas are replaced with LED energy-saving sensor lamps, and the lights are turned off when people leave, effectively reducing energy consumption Consumption; optimize the air-conditioning and refrigeration system, introduce intelligent temperature control technology, reasonably control the indoor temperature, and improve energy utilization efficiency; the company incorporates energy-saving goals into organizational performance appraisal and establishes an energy management team to promote the implementation of the company's energy-saving and emission-reduction measures.

Advocate a new trend of low-carbon life. The company actively carried out diversified low-carbon publicity activities, shared energy-saving tips every day during the energy-saving publicity week, and raised the awareness of energy-saving and carbon-reduction among all employees; Employees establish the awareness of "saving is benefit"; the park fully implements garbage classification to realize waste resource utilization; advocates employees to walk more and take less elevators, advocates the "CD-ROM" action, opens subway connecting lines, and encourages employees to travel green and low-carbon commute. The company creates a strong energy-saving, low-carbon and environmental protection atmosphere through various activities, and advocates everyone to start from themselves, from the details, from every day, and work together towards a new trend of green civilization.

Promote new green production techniques. The company actively promotes the research and exploration of new technology and technology, optimizes the introduction in the manufacturing process, promotes energy saving and emission reduction of production lines, and green efficiency. Carry out technological innovation, continuously improve production efficiency and reduce energy consumption through PCB imposition optimization, "one flow", aging process optimization and other operations; optimize process technology, change galvanized parts to sprayed parts, and improve the salt spray test of assembly auxiliary materials Grade, meet the 72H salt spray test, no white rust, no red rust, enhanced environmental performance; introduce new environmental protection equipment, replace manual welding, reduce the inhalation of tin fume by personnel, and protect the health of employees.

II. Consolidate and expand the achievements of poverty alleviation and rural revitalization

☐ "Applicable" ☑ "Not applicable"

Section 6 Important matters

I. Fulfillment of Commitments

(1) Commitments made by the company's actual 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"

Commitment background	Promise type	Promising party	Promise content	Commitment time and deadline	Is there a performance deadline	Whether timely and strictly	If it fails to perform in time, it shall explain the specific reasons for the incomplete performance	If it is not fulfilled in time, the next step plan should be explained
Commitments Related to Initial Public Offerings	Restricted shares	The controlling shareholder and actual controller of the company: Chu Jian	Note 1	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Restricted shares	The controlling shareholder and actual controller of the company: Chu Jian	Note 2	February 28, 2020; 2 years from the date of expiration of the limited sale period of the shares held	yes	yes	not applicable	not applicable
	Restricted shares	The controlling	Note 3	February 28, 2020; long-	no	yes	not applicable	not applicable

		shareholder and actual controller of the company: Chu Jian		term				
	Restricted shares	Person acting in concert with the controlling shareholder and actual controller of the company: Hangzhou Yuancheng	Note 4	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Restricted shares	acting in concert with the controlling shareholder and actual controller of the company : Hangzhou Yuancheng	Note 5	February 28, 2020; 2 years from the date of expiration of the limited sale period of the shares held	yes	yes	not applicable	not applicable
	Restricted shares	Person acting in concert with the	Note 6	February 28, 2020; long-term	no	yes	not applicable	not applicable

		controlling shareholder and actual controller of the company: Hangzhou Yuancheng						
	Restricted shares	Outgoing Director: Chu Min	Note 7	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Restricted shares	Outgoing Director: Chu Min	Note 8	February 28, 2020; 2 years from the date of expiration of the limited sale period of the shares held	yes	yes	not applicable	not applicable
	Restricted shares	Outgoing Director: Chu Min	Note 9	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Restricted shares	Director and Senior Management: CUI SHAN; Director: Jin Jianxiang;	Note 10	February 28, 2020; 2 years from the date of expiration of the limited sale period of	yes	yes	not applicable	not applicable

		Senior Management: Yu Haibin, Shen Hui, Mo Wei, Lai Jingyu, Fang Yongsheng; Outgoing Director and Senior Management: Jia Xunhui; Outgoing Executives : Xie Min, Li Hongbo, Jiang Xiaoning		the shares held				
	Restricted shares	Director and Senior Management: CUI SHAN; Director: Jin Jianxiang; Senior Management: Yu Haibin, Shen Hui, Mo Wei, Lai	Note 11	February 28, 2020; long-term	no	yes	not applicable	not applicable

		Jingyu, Fang Yongsheng; Outgoing Director and Senior Management: Jia Xunhui; Outgoing Executives: Xie Min, Li Hongbo, Jiang Xiaoning						
	Restricted shares	Core technicians: Qiu Kun, Lu Weijun, Yao Jie, Chen Yu	Note 12	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Restricted shares	Core technicians: Qiu Kun, Lu Weijun, Yao Jie, Chen Yu	Note 13	February 28, 2020; 4 years from the date of expiration of the limited sale period of the shares held	yes	yes	not applicable	not applicable
	Restricted shares	Core technicians: Qiu Kun, Lu Weijun, Yao	Note 14	February 28, 2020; long-term	no	yes	not applicable	not applicable

		Jie, Chen Yu						
	Restricted shares	Shareholders holding more than 5% of the shares: Chint Electric	Note 15	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Restricted shares	Shareholders of the company’s shares increased within 6 months: Sinopec Capital, CNNC Fund	Note 16	February 28, 2020; within 36 months from the date of completion of the industrial and commercial change registration procedures for capital increase and 12 months from the date of listing of the company's shares	yes	yes	not applicable	not applicable
	Restricted shares	Shareholders of the company’s shares	Note 17	February 28, 2020; long-term	no	yes	not applicable	not applicable

		increased within 6 months: Sinopec Capital, CNNC Fund						
	Restricted shares	Shareholders who acquired all the shares held by the transferee of the controlling shareholder's shares within 6 months: Lenovo Beijing	Note 18	February 28, 2020; within 36 months from the date of completion of the industrial and commercial change registration procedures for capital increase and 12 months from the date of listing of the company's shares	yes	yes	not applicable	not applicable
	Restricted shares	Shareholders who acquired all the shares held by the transferee of	Note 19	February 28, 2020; long-term	no	yes	not applicable	not applicable

		the controlling shareholder's shares within 6 months: Lenovo Beijing						
	Restricted shares	Shareholders who acquired part of their shares through the transfer of the shares of the controlling shareholder within 6 months: Shanghai Tanying, Lanxi Yihui	Note 20	February 28, 2020; within 36 months from the date of completion of the industrial and commercial change registration procedures for capital increase and 12 months from the date of listing of the company's shares	yes	yes	not applicable	not applicable
	Restricted shares	Shareholders who acquired part of their shares	Note 21	February 28, 2020; long-term	no	yes	not applicable	not applicable

		through the transfer of the shares of the controlling shareholder within 6 months: Shanghai Tanying, Lanxi Yihui						
	Restricted shares	Managers of the employee stock ownership asset management plan: Shenwan Hongyuan Securities Co., Ltd., CITIC Securities Co., Ltd.	Note 22	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Restricted shares	Managers of the employee stock ownership asset	Note 23	February 28, 2020; long-term	no	yes	not applicable	not applicable

		management plan: Shenwan Hongyuan Securities Co., Ltd., CITIC Securities Co., Ltd.						
	Restricted shares	14 other legal person shareholders including Intel R&D and Xizi Fuxin	Note 24	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Restricted shares	82 other natural person shareholders including Sun Youxian and Qiu Feng	Note 25	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Other	Shareholders holding more than 5% of the shares before the public	Note 26	February 28, 2020; long-term	no	yes	not applicable	not applicable

		offering: Chu Jian, Hangzhou Yuancheng, Chint Electric						
	Other	The company and its controlling shareholder, actual controller (Chu Jian), company directors (non-independent directors), senior management	Note 27	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Other	The company and the company’s controlling shareholder and actual controller Chu Jian, the person acting	Note 28	February 28, 2020; long-term	no	yes	not applicable	not applicable

		in concert Hangzhou Yuancheng						
	Other	The company and its controlling shareholder, actual controller Chu Jian, person acting in concert Hangzhou Yuancheng, directors, senior managers	Note 29	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Solve competition in the same industry	Chu Jian, the controlling shareholder and actual controller of the company, and Hangzhou Yuancheng, the person acting in concert	Note 30	February 28, 2020; long-term	no	yes	not applicable	not applicable

	Settle related transactions	Chu Jian, the controlling shareholder and actual controller of the company, and Hangzhou Yuancheng, the person acting in concert	Note 31	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Other	Central control technology	Note 32	February 28, 2020; 36 months from the company's stock listing date	yes	yes	not applicable	not applicable
	Other	Central control technology	Note 33	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Other	Chu Jian, the controlling shareholder and actual controller of the company, and Hangzhou	Note 34	February 28, 2020; long-term	no	yes	not applicable	not applicable

		Yuancheng, the person acting in concert						
	Other	Shareholders holding more than 5% of the company's shares	Note 35	February 28, 2020; long-term	no	yes	not applicable	not applicable
	Other	Directors, Supervisors and Senior Management	Note 36	February 28, 2020; long-term	no	yes	not applicable	not applicable
Commitments related to equity incentives	Other	Central control technology	Note 37	December 16, 2021; during the validity period of the 2021 Restricted Stock Incentive Plan	yes	yes	not applicable	not applicable
	Other	Incentive Objects of the 2021 Restricted Stock Incentive Plan	Note 38	December 16, 2021; during the validity period of the 2021 Restricted Stock	yes	yes	not applicable	not applicable

				Incentive Plan				

Note 1: Within 36 months from the date of listing of the shares of the Company, I shall not transfer or entrust others to manage the shares of the Company that I directly or indirectly held before the issue, nor shall the Company buy back the shares.

Note 2: If the company's shares held by me are reduced within 2 years after the expiration of the lock-in period, the price of the shares reduced is not lower than the issue price of the company's initial public offering (if the company's shares pay dividends, share transfers, capital reserves into additional shares and other ex-dividend and ex-dividend events occur during this period, the issue price shall be adjusted accordingly).

Note 3: (1) If I fail to fulfill the above commitments, I will publicly explain the specific reasons for my failure to fulfill the commitments and apologize to other shareholders of the company and public investors in the company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If investors suffer losses in securities trading due to failure to fulfill the above commitments, I will compensate investors for their losses according to law; (2) During the period of my holding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction change, I am willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 4: Within 36 months from the date of listing of the Company's shares, the Company shall not transfer or entrust others to manage the Company's shares directly or indirectly held by the Company before the issue, nor shall the Company repurchase such shares.

Note 5: If the shares of the company held by the company are reduced within 2 years after the expiration of the lock-in period, the price of the shares reduced is not lower than the issue price of the company's initial public offering shares (if the company's shares pay dividends, share transfers, capital reserves into additional shares and other ex-dividend and ex-dividend events occur during this period, the issue price shall be adjusted accordingly).

Note 6: (1) If the company fails to fulfill the above commitments, the Company will publicly explain the specific reasons for the failure to fulfill the commitments and apologize to other shareholders of the company and public investors in the company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If the company fails to fulfill the above commitments and causes the investor to suffer losses in the securities trading, the company will compensate the investor for the losses according to law; (2) During the period when the Company holds shares, if the laws, regulations, normative documents, policies and requirements of the securities regulatory authority change, the Company is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of the securities regulatory authority.

Note 7: Within 36 months from the date of listing of the shares of the Company, I shall not transfer or entrust others to manage the shares of the Company that I directly or indirectly held before the issue, nor shall the Company buy back the shares.

Note 8: If the company's shares held by me are reduced within 2 years after the expiration of the lock-in period, the price of the shares reduced is not lower than the issue price of the company's initial public offering shares (if the company's shares occur during this period, such as dividends, shares, capital reserves to increase the share capital and other ex-dividend and ex-dividend matters, the issue price shall be adjusted accordingly).

Note 9: If the company's shares held by me are reduced within 2 years after the expiration of the lock-in period, the price of the shares reduced is not lower than the issue price of the company's initial public offering shares (if the company's shares occur during this period, such as dividends, shares, capital reserves to increase the share capital and other ex-dividend and ex-dividend matters, the issue price shall be adjusted accordingly).

Note 10: (1) After the expiration of the above share lock-up period, during the period when I serve as a director/supervisor/senior manager of the Company, on the premise of meeting the share lock-up commitment, the shares of the Company that I directly or indirectly transfer each year shall not exceed 25% of the total shares of the company that I directly or indirectly hold; (2) If I leave office before the expiration of my term of office, during the term of office determined at the time of my appointment and within six months after the expiration of my term of office, I shall comply with the following restrictions: (a) The number of shares transferred each year shall not exceed 25% of the total number of shares of the company held directly or indirectly by me; b. Within half a year after leaving the company, he shall not transfer the company's shares held by him directly or indirectly; (3) During the period of serving as a director/supervisor/senior manager of the company, I will strictly abide by the relevant provisions of laws, regulations and normative documents concerning the shareholding and share changes of directors, supervisors and senior managers, standardize and faithfully fulfill the obligations of directors, supervisors and senior managers, truthfully and timely report the company shares and changes held by me directly or indirectly. I will not refuse to fulfill the above commitments due to job change, resignation and other reasons. I agree to bear and compensate for all losses caused to the Company and the enterprises under my control due to my violation of the above commitments; (4) If I fail to fulfill the above commitments, I will publicly explain the specific reasons for my failure to fulfill the commitments and apologize to other shareholders of the company and public investors in the company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If investors suffer losses in securities trading due to failure to fulfill the above commitments, I will compensate investors for their losses according to law; (5) During the period of my holding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction change, I am willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 11: Within six months after my resignation, I shall not transfer or entrust others to manage the shares of the Company that I directly or indirectly held before the issue, nor shall the Company buy back the shares.

Note 12: Within 4 years from the date of expiration of the restricted sale of the shares held by the company, the shares transferred each year shall not exceed 25% of the total number of shares held by the company before the IPO at the time of listing, and the reduction proportion can be accumulated.

Note 13: (1) If I fail to fulfill the above commitments, I will publicly explain the specific reasons for my failure and apologize to other shareholders of the company and public investors in the company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If investors suffer losses in securities trading due to failure to fulfill the above commitments, I will compensate investors for their losses according to law; (2) During the period of my holding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction change, I am willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 14: The Company will strictly abide by the relevant provisions of laws, regulations and normative documents on shareholders' shareholding and share changes (including reduction of holdings), and standardize the performance of shareholders' obligations in good faith. During the period of shareholding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction change, the Company is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 15: (1) If the Company fails to fulfill the above commitments, the Company will publicly explain the specific reasons for the failure to fulfill the commitments and apologize to other shareholders of the Company and public investors in the Company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If investors suffer losses in securities trading due to failure to fulfill the above commitments, the Company will compensate investors for their losses according to law; (2) During the period of the Company's shareholding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction are changed, the Company is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 16: (1) If the Company fails to fulfill the above commitments, the Company will publicly explain the specific reasons for the failure to fulfill the commitments and apologize to other shareholders of the Company and public investors in the Company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If investors suffer losses in securities trading due to failure to fulfill the above commitments, the Company will compensate investors for their losses according to law; (2) During the period of the Company's shareholding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction are changed, the Company is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 17: (1) If the Partnership fails to fulfill the above commitments, it will publicly explain the specific reasons for its failure to fulfill the commitments and apologize to other shareholders of the Company and public investors in the company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If the investor suffers losses in securities trading due to failure to fulfill the above commitments, the partnership will compensate the investor for the losses according to law; (2) During the shareholding period of the Partnership, if the laws, regulations, normative documents, policies and requirements of the securities regulatory authorities of share locking and reduction are changed, the Company is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of the securities regulatory authorities.

Note 18: Within 36 months from the date of listing of the Company's shares, the Manager shall not transfer or entrust others to manage the shares of the Company that have been managed by the Manager before the issue, nor shall the Company repurchase those shares.

Note 19: (1) If the above commitments are not fulfilled, the Manager will publicly explain the specific reasons for the failure to fulfill the commitments and apologize to other shareholders of the Company and public investors in the Company's general meeting of shareholders and newspapers designated by the China Securities Regulatory Commission. In case of violation of the above commitments, the proceeds shall belong to the Company. If the investor suffers losses in securities trading due to failure to fulfill the above commitments, the manager will compensate the investor for the losses according to law; (2) During the period of management of the employee stock ownership plan by the Manager, if the laws, regulations, normative documents, policies and requirements of the securities regulatory authorities of share locking and reduction are changed, the Manager is willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of the securities regulatory authorities.

Note 20: During the shareholding period of the Company/the Partnership, if the laws, regulations, regulatory documents, policies and requirements of the securities regulatory authorities of share locking and reduction are changed, the Company is willing to automatically apply the changed laws, regulations, regulatory documents, policies and requirements of the securities regulatory authorities.

Note 21: During the period of my holding, if the laws, regulations, normative documents, policies and requirements of securities regulatory authorities of share locking and reduction change, I am willing to automatically apply the changed laws, regulations, normative documents, policies and requirements of securities regulatory authorities.

Note 22: (1) If the Company/the enterprise/I plan to reduce the company's shares after the lockup period expires, the company/I will seriously abide by the relevant regulations of the CSRC and the stock exchange on shareholder reduction, prudently formulate a stock reduction plan based on the needs of the company to stabilize the stock price, carry out business operations and capital operation, and gradually reduce the stock holdings after the lockup period expires; (2) The reduction of the

Company's shares by the Company/the Company/I shall comply with the provisions of laws and regulations, including but not limited to centralized bidding trading on the exchange, block trading, transfer by agreement, etc.; (3) The total amount of company shares transferred by the Company/the Company/I within 12 months shall not exceed the restrictions of relevant laws, regulations and rules from the date of lock-in expiration. If the company's accumulation fund or undistributed profits are converted into additional capital in the year of reduction, the calculation base of total capital at the end of the previous year shall be adjusted accordingly; (4) The Company/the enterprise/I shall timely and accurately fulfill the obligation of information disclosure in accordance with the Company Law, the Securities Law and the regulations of the regulatory authority in force at that time before reducing the shares held by the Company/the Company/I; (5) If the Company/the Enterprise/I fail to fulfill the above intention of reducing shares, the Company/the enterprise/I will publicly explain the specific reasons for the failure to fulfill the commitment in the shareholders' meeting and the disclosure media designated by the regulatory authority, apologize to the company's shareholders and public investors, and bear all legal responsibilities arising therefrom.

Note 23: The controlling shareholder, actual controller (Chu Jian), director (non-independent director) and senior management of Zhongkong Technology and the Company undertake the following regarding the stabilization of the company's stock price:

I. Conditions for initiating and discontinuing stock price stabilization measures

(1) Starting conditions

Within 36 months after the company's initial public offering of RMB ordinary shares (A shares) and listing on the Science and Technology Innovation Board (hereinafter referred to as the "offering listing"), if the closing price of the company's shares is lower than the audited net asset value per share of the latest year for 20 consecutive trading days (if the company conducts ex-rights or ex-dividend for reasons such as cash dividend, stock transfer, capital increase, or additional issue of new shares), (hereinafter referred to as "start-up conditions" or "start-up Conditions for stabilizing Stock Price"), except for force majeure factors, the Company and related entities shall stabilize the Company's stock price in the following manner, subject to compliance with the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange on share repurchase, share increase and information disclosure, etc. :

1. The Company repurchases shares;

2. The controlling shareholder and the actual controller increase their shares;

3. Directors (non-independent directors) and senior managers increase their shares of the Company;

4. Other laws, regulations, rules, normative documents and measures permitted by the China Securities Regulatory Commission and stock exchanges.

If the company repurchases shares after the commencement conditions are triggered, the Company shall convene the board of directors within 10 days and the general meeting of shareholders within 30 days to review the specific plans to stabilize the stock price, specify the implementation period of such specific plans, and start the implementation of the specific plans to stabilize the stock price within 5 trading days after the approval of such plans by the general meeting of shareholders.

(2) Conditions for cessation

Before or during the implementation of the stock price stabilization measures, if the closing price of the company's stock for 20 consecutive trading days is higher than the audited net assets per share of the most recent year, the implementation of the stock price stabilization measures will be stopped, except that the relevant measures shall not be stopped according to laws, regulations, rules and normative documents. After the implementation of the specific plan to stabilize the stock price is completed or stopped, if the start condition is triggered again, the plan to stabilize the stock price is activated again.

II. Specific measures to stabilize the company's stock price

When the above commencement conditions are triggered, the Company, controlling shareholders, actual controllers, directors (non-independent directors) and senior management will promptly take some or all of the following measures to stabilize the Company's stock price:

(1) The Company repurchases shares

1. The Company repurchases shares for the purpose of stabilizing the stock price, It shall comply with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Public Shares Repurchase by Listed Companies (Trial), the Supplementary Provisions on Shares Repurchase by Listed Companies through Centralized Bidding, the Opinions on Supporting Shares Repurchase by Listed Companies, and the Implementation Rules for Shares Repurchase by Listed Companies of the Shanghai Stock Exchange, etc Related to laws, regulations, rules and normative documents.

2. The repurchase of shares by the company for the purpose of stabilizing the stock price shall meet the following conditions:
1) The company's stock has been listed for more than one year;

2) After the repurchase of shares, the company has the ability to perform debts and the ability to continue operations;

3) After repurchasing shares, the distribution of shares of the company shall in principle meet the listing conditions;

4) Other conditions stipulated by the CSRC.

Where a company repurchases shares for the purpose of stabilizing its stock price and uses it to reduce its registered capital, the requirements of the preceding paragraph concerning the listing of the company's shares for at least one year shall not apply.

3. The resolution of the Company's shareholders' meeting on the share repurchase plan shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting, and the controlling shareholders and actual controllers of the company undertake to vote in favor of the review of such share repurchase proposals.

4. The general meeting of shareholders of the Company may authorize the Board of Directors to make a resolution on the share repurchase plan. The authorization proposal and the resolution of the general meeting of shareholders clearly specify the specific circumstances and the authorization period. The resolution of the Board of Directors of the Company on the share repurchase plan shall be passed by a resolution of the Board meeting attended by more than two-thirds of the directors, and the non-independent directors of the Company undertake to vote in favour of the consideration of such share repurchase proposals (if any voting or voting rights).

5. After the approval of the share repurchase plan at the general meeting of shareholders, the Company shall notify creditors in accordance with the law, submit relevant materials to the China Securities Regulatory Commission, the Shanghai Stock Exchange and other competent authorities, and go through the approval or filing procedures. After completing the necessary approval, filing, information disclosure and other procedures, the Company can implement the corresponding share repurchase program. If the shareholders' meeting fails to pass the share repurchase plan, the Company shall urge the controlling shareholders and actual controllers to fulfill their obligations to increase their holdings of the Company's shares in accordance with their commitments.

6. In order to stabilize the stock price, the Company shall not only comply with the requirements of relevant laws, regulations, rules and normative documents, but also comply with the following:

1) The Company repurchases shares through the secondary market in the form of concentrated bidding or offer;

2) The total amount of funds used by the Company to repurchase shares shall not exceed 80% of the net funds raised by the Company in this issue and listing;

3) The cumulative proportion of shares repurchased by the company within 12 consecutive months does not exceed 2% of the total share capital of the Company at the end of the previous year;

4) In principle, the funds used by the company for repurchasing shares at a single time shall not be less than 5% of the audited net profit attributable to the shareholders of the parent company in the previous fiscal year, but shall not exceed 10% of the audited net profit attributable to the shareholders of the parent company in the previous fiscal year. The above proportion may be increased after deliberation and approval by the board of directors of the Company;

When there is a conflict between the two conditions 3) and 4) above, the provisions of the conditions 3) shall be met in priority.

5) The Company may use its own funds, funds raised by issuing preferred shares, bonds, over-raised funds obtained by issuing ordinary shares, funds saved from raised investment projects and funds raised that have been changed into permanent supplementary working capital according to law, loans from financial institutions and other legal funds to repurchase shares.

7. The Board of Directors of the Company shall pay full attention to the company's financial situation, debt fulfillment ability and sustainable operation ability, prudently formulate and implement the share repurchase plan, and the number and scale of the share repurchase shall match the actual financial situation of the company. When the company repurchases shares, it shall establish a standardized and effective internal control system, formulate specific operation plans, prevent insider trading and other unfair trading behaviors, and shall not use the repurchased shares to manipulate the company's stock price, or transfer benefits to directors, supervisors, senior managers, controlling shareholders, actual controllers, etc.

(2) The controlling shareholder and the actual controller increase the shares of the company

1. In case the company is unable to implement share repurchase, the controlling shareholder and the actual controller shall comply with the conditions and requirements of laws, regulations, rules and normative documents such as the Measures for the Administration of Acquisition of Listed Companies, and will not cause the distribution of the company's shares to be inconsistent with the listing conditions and/or the obligation of the controlling shareholder to perform the tender offer. Buy more shares in the company.

2. In compliance with the provisions of paragraph 1 above, the controlling shareholder and actual controller of the Company shall notify the Company in writing of

its specific plan to increase its shares (including but not limited to the range of the number of additional shares, the price ceiling of the planned increase, the completion of the time limit, etc.) within 10 trading days after the triggering of the conditions for stabilizing the stock price. And the company will be announced within 3 trading days before the start of the increase.

3. The controlling shareholders and actual controllers may increase their holdings of the Company's shares through centralized bidding or other legal means in the secondary market.

4. When the controlling shareholder and the actual controller implement the plan to stabilize the stock price, they shall also meet the following requirements:

1) The funds used by the controlling shareholder and the actual controller to increase the shares in a single time shall not be less than 20% of the amount of after-tax cash dividends accumulated from the company after the company's listing;

2) The funds accumulated by the controlling shareholder and the actual controller for increasing the shares of the company in a single or consecutive 12 months shall not exceed 50% of the amount of after-tax cash dividends accumulated from the Company after the listing of the Company;

3) The total number of additional shares held by the controlling shareholder and the actual controller shall not exceed 2% of the total number of shares of the Company;

4) The holding price of the controlling shareholder and the actual controller shall not be higher than 100% of the company's audited net assets per share in the latest year.

When there is a conflict between the two conditions 1) and 3) above, the provisions of the conditions 3) shall be met first.

5. The controlling shareholder and the actual controller shall be jointly and severally liable for the performance of such obligations.

(3) Directors (non-independent directors) and senior managers increase their holdings of company shares

1. When the starting condition of stable stock price is triggered, but the company cannot implement share repurchase and the controlling shareholder and actual controller of the company cannot increase the shares of the company, or the controlling shareholder and actual controller of the company fail to put forward or implement the plan of increasing the shares of the company in a timely manner, the director (non-independent director) and senior management shall increase their

holdings. However, it shall comply with the requirements and conditions of laws, regulations, rules and normative documents such as the Measures for the Administration of Acquisitions of Listed Companies and the Rules for the Management of Company Shares Held by Directors, Supervisors and senior Managers of Listed Companies and their Changes, and shall not lead to the distribution of shares of the company not meeting the listing conditions.

2. In compliance with paragraph 1 above, the directors (non-independent directors) and senior managers of the Company shall notify the Company in writing of their specific plans to increase their holdings (including but not limited to the range of the number of additional shares, the price ceiling of the planned increase, the completion of the time limit, etc.) within 10 trading days after the commencement conditions for stabilizing the stock price are triggered. And the company will be announced within 3 trading days before the start of the increase.

3. When the company's directors (non-independent directors) and senior management implement the plan to stabilize the stock price, they shall also comply with the following:

1) The funds used by the directors (non-independent directors) and senior management of the Company to increase their holdings of the Company's shares at one time shall not be less than 20% of the total amount of after-tax cash dividends (if any), remuneration (if any) and allowances (if any) received by such directors and senior management from the Company in the previous year;

2) The cumulative funds used by directors (non-independent directors) and senior managers of the Company to increase their holdings of shares of the Company in a single or consecutive twelve months shall not exceed 50% of the total amount of after-tax cash dividends (if any), remuneration (if any) and allowances (if any) received by such directors and senior managers from the Company in the previous year;

3) The purchase price of the company's directors (non-independent directors) and senior management shall not be higher than 100% of the company's audited net assets per share in the latest year.

4. Before appointing new directors (non-independent directors) and senior management within three years after the listing of this offering, the Company will require them to sign a letter of undertaking to ensure that they will fulfill the corresponding commitments made by the directors (non-independent directors) and senior management of the Company at the time of listing of this offering.

(4) Other laws, regulations, rules, normative documents and measures permitted by the China Securities Regulatory Commission and stock exchanges

The Company and the relevant entities may, according to the company and the market situation, take one or more of the above measures to maintain the stability of the company's stock price. The specific measures shall be implemented in accordance with the principle of maintaining the company's listing status and protecting the interests of the company and the majority of investors, in accordance with laws, regulations, rules and normative documents and the relevant provisions of the exchange, and shall fulfill their corresponding information disclosure obligations.

III. When the conditions for initiating the stock price stabilization measures are met, if the company, the controlling shareholder, the actual controller, the director (non-independent director), and the senior management do not take the above specific measures to stabilize the stock price, such units and personnel undertake to accept the following restrictive measures:

1. The Company, controlling shareholders, actual controllers, directors (non-independent directors) and senior managers will publicly explain the specific reasons for not taking the above measures to stabilize the stock price and apologize to the company's shareholders and public investors in the Company's general meeting of shareholders and the information disclosure media designated by the China Securities Regulatory Commission, and the Company will voluntarily bear the corresponding legal responsibilities.

2. If the controlling shareholder, actual controller, director (non-independent director) and senior management fail to fulfill the above commitment to increase their holdings, the Company may delay the payment of cash dividends (if any) for the year and the following year triggered by their obligation to increase their holdings, as well as 50% of the total amount of compensation and allowances for the year, and the Company shares held by them shall not be transferred. Until it takes the corresponding measures to stabilize the stock price in accordance with the provisions of the above plan and completes the implementation.

3. The Company will prompt and urge the newly appointed directors (non-independent directors) and senior management personnel of the Company to fulfill the corresponding commitment requirements on stock price stability measures made by the directors (non-independent directors) and senior management personnel of the Company at the time of listing this issue.

Controlling shareholder and actual controller of the company

Chu Jian, the controlling shareholder and actual controller of the company, promised to stabilize the stock price as follows:

"1. When the Company holds a general meeting of shareholders to decide on a share repurchase plan for the purpose of stabilizing the share price, I undertake to vote in favor of the consideration of such share repurchase proposals.

2. If the company is unable to implement share repurchase after triggering the start-up conditions for stable share prices, the company shall increase its shares in accordance with the conditions and requirements of laws, regulations, rules and normative documents such as the Measures for the Administration of Acquisition of Listed Companies, and on the premise that the distribution of the company's shares does not meet the listing conditions and/or the controlling shareholders fulfill the obligation of tender offer.

3. In compliance with the provisions of paragraph 1 above, I shall notify the Company in writing of the specific plan to increase my shares (including but not limited to the range of the number of additional shares, the price ceiling of the planned increase, completion of the time limit, etc.) within 10 trading days after the commencement of the conditions for stabilizing the share price, and the Company shall make an announcement within 3 trading days before the start of the increase.

4. I may increase my holdings of the company's shares through concentrated bidding or other legal means in the secondary market.

5. When I implement the plan to stabilize the stock price, I shall also comply with the following:

1) The funds I use to increase my share holdings at one time shall not be less than 20% of the amount of after-tax cash dividends accumulated from the company after the company's listing;

2) The accumulated funds used to increase the company's shares in a single or consecutive 12 months shall not exceed 50% of the accumulated after-tax cash dividends received from the company after the company's listing;

3) The total number of the company's shares that I hold in a single increase does not exceed 2% of the total number of the company's shares;

4) The purchase price is not higher than 100% of the company's audited net assets per share in the latest year.

When there is a conflict between the two conditions 1) and 3) above, the provisions of the conditions 3) shall be met first.

6. I shall be jointly and severally liable for the performance of such additional holding obligations.

7. When the conditions for initiating the stock price stabilization measures are met, if I fail to take the above specific measures to stabilize the stock price, I will

publicly explain the specific reasons for not taking the above measures at the company's general meeting of shareholders and the information disclosure media designated by the China Securities Regulatory Commission, apologize to the company's shareholders and public investors, and voluntarily bear the corresponding legal responsibilities."

Company director (non-independent director), senior management personnel
The directors (non-independent directors) and senior management of the company undertake to stabilize the stock price as follows:

"1. When the board of directors of the Company convenes a resolution on the share repurchase plan for the purpose of stabilizing the stock price, the directors (non-independent directors) and senior management undertake to vote in favor of the consideration of such share repurchase proposals (if any voting or voting rights).

2. When the starting condition of stable stock price is triggered, but the company cannot implement share repurchase and the controlling shareholder and actual controller of the company cannot increase the shares of the company, or the controlling shareholder and actual controller of the company fail to put forward or implement the plan of increasing the shares of the company in a timely manner, the directors and senior managers shall increase their holdings. However, it shall comply with the requirements and conditions of laws, regulations, rules and normative documents such as the Measures for the Administration of Acquisitions of Listed Companies and the Rules for the Management of Company Shares Held by Directors, Supervisors and senior Managers of Listed Companies and their Changes, and shall not lead to the distribution of shares of the company not meeting the listing conditions.

3. In compliance with the provisions of paragraph 1 above, I shall notify the Company in writing of the specific plan to increase my shares (including but not limited to the range of the number of additional shares, the price ceiling of the planned increase, completion of the time limit, etc.) within 10 trading days after the commencement of the conditions for stabilizing the share price, and the Company shall make an announcement within 3 trading days before the start of the increase.

4. When implementing the plan to stabilize the stock price, I shall also comply with the following:

1) the funds used by me to increase the shares of the Company at one time shall not be less than 20% of the total amount of after-tax cash dividends (if any), remuneration (if any) and allowances (if any) received by such directors and senior managers from the Company in the previous year;

2) The accumulated funds used by me to increase the shares of the Company in a single or consecutive 12 months shall not exceed 50% of the total amount of after-tax cash dividends (if any), remuneration (if any) and allowances (if any) received by such directors and senior managers from the Company in the previous year;

3) The purchase price of the company's directors and senior management shall not be higher than 100% of the company's audited net assets per share in the latest year.

5. When the conditions for initiating the stock price stabilization measures are met, if the Company, the controlling shareholder, the actual controller, and I fail to take the above specific measures to stabilize the stock price, the Company may delay the payment of the cash dividend (if any) triggered by my obligation to increase my holdings in the current year and the following year, as well as 50% of the total amount of compensation and allowances in the current year, and the company shares held by me shall not be transferred. Until measures to stabilize stock prices are completed.

Note 24: The Company, the controlling shareholder, the actual controller and the persons acting in concert have made the following commitments regarding the fraudulent share repurchase:

1. The company promises as follows:

1) Ensure that the company's public offering of shares and listing on the Science and Technology Board does not exist any fraudulent issuance.

2) If the company does not meet the requirements for offering and listing, and obtains the issuance registration by fraudulent means and has already issued and listed, the company will start the share repurchase procedure within five working days after the confirmation of the China Securities Regulatory Commission and other competent departments, and purchase all the new shares of the company this public issue."

2. Controlling shareholders, actual controllers and persons acting in concert

Chu Jian, the controlling shareholder and actual controller of the company, and Hangzhou Yuancheng, the concerted action person, promise as follows:

1) Ensure that the company's public offering of shares and listing on the Science and Technology Board does not exist any fraudulent issuance.

2) If the company does not meet the requirements for offering and listing, and obtains the issuance registration by fraudulent means and has already issued and listed, I/the company will start the share repurchase procedure within five working days after the confirmation of the China Securities Regulatory Commission and other competent departments, and purchase all the new shares of the company this public issue."

Note 25:

1. The Company's measures and commitments to cover amortized immediate returns

"In order to reduce the impact of the diluted spot return of this public offering, the company commits to improve asset quality and increase sales revenue by strengthening the management of raised funds, accelerating the investment progress of raised investment projects, increasing market development efforts, and strengthening the investor return mechanism, so as to thicken future earnings and achieve sustainable development to fill the diluted spot return." The company undertakes to take the following specific measures:

1) Strengthen the management of raised funds

The company has formulated the "Zhejiang Zhongkong Technology Co., Ltd. raised funds Management System", and the raised funds will be deposited in the special account designated by the Board of directors. The Company will regularly check the use of the raised funds, so as to strengthen the supervision of the raised funds and ensure that the raised funds are used reasonably and legally.

2) Accelerate the investment progress of the raised projects

After the raised funds are in place, the company will allocate internal resources, accelerate the construction of the raised funds, improve the efficiency of the raised funds, and strive for the early production of the raised funds and achieve the expected benefits, so as to enhance the company's profitability. Before the raised funds are in place, in order to realize the profit of the raised investment project as soon as possible, the Company intends to actively raise funds through various channels, actively deploy resources, carry out the preparatory work of the raised investment project, enhance the talent and technology reserves related to the project, strive to realize the expected income of the project as soon as possible, enhance the return of shareholders in the next few years, and reduce the risk of dilution of the immediate return caused by the issue.

3) Intensify market development

The company will improve and expand the global layout of business on the basis of the existing sales and service network, and is committed to providing more customers around the world with reliable products and high-quality services. The company will continue to improve and perfect the product, technology and service system, expand the coverage of international and domestic sales channels and service network, promote market expansion with first-class technology and service, so as to optimize the company's strategic layout in the domestic and international markets.

4) Strengthen the return mechanism for investors

The company implements an active profit distribution policy, attaches importance to reasonable investment returns for investors, and maintains continuity and stability. In accordance with the relevant regulations and regulatory requirements of the China Securities Regulatory Commission, the Company has formulated the Draft Articles of Association (Draft) applicable to the Company after listing, made detailed provisions and public commitments on matters concerning the profit distribution policy, and passed the Proposal on the Dividend Distribution Policy of the Company after Listing, fully protecting the rights of the Company's shareholders to enjoy assets income and other rights according to law, and improving the Company's future return ability.

5) If the Company violates the above commitments, it will promptly announce the facts and reasons for the violation, apologize to the shareholders of the Company and public investors except for force majeure or other reasons not attributable to the Company, and offer supplementary or alternative commitments to investors in order to protect the interests of investors as much as possible. The supplementary or alternative commitments will be implemented after the approval of the company's general meeting of shareholders."

2. The company's controlling shareholder, the actual controller and the person acting in concert commitment

Chu Jian, the controlling shareholder and actual controller of the company, and Hangzhou Yuancheng, the concerted action person, promise:

1) I/the Company will not interfere with the company's operation and management activities beyond my power, and will not occupy the company's interests.

2) I/the Company will faithfully fulfill the measures established by the Company to cover the diluted immediate return and any commitments made by the Company to cover the return measures. If I/the Company violates such commitments and causes losses to the company or investors, I/the Company is willing to bear the liability for compensation to the company or investors according to law.

3. All directors and senior management of the company promise

1) I shall not transfer benefits to other units or individuals without compensation or under unfair conditions, nor harm the interests of the company by other means;

2) to restrict the consumption behavior of my position;

3) Not to use the company's assets to engage in investment and consumption activities unrelated to the performance of their duties;

4) The remuneration system established by the Board of Directors or the remuneration committee is linked to the company's implementation of measures to cover diluted immediate returns;

5) If the Company implements an equity incentive plan in the future, the exercise conditions of the future equity incentive Plan will be linked to the Company's implementation of measures to cover the diluted immediate return;

6) After the China Securities Regulatory Commission or the stock exchange separately issues the relevant opinions or implementation rules on the filling measures and commitments of diluted immediate returns, if the relevant provisions of the Company and my commitments fail to meet such provisions, I promise to immediately issue supplementary commitments in accordance with such provisions, and actively promote the company to make new provisions. To meet the requirements of the China Securities Regulatory Commission and the stock exchange.

As one of the parties responsible for filling the return measures, if I violate the above commitments or refuse to fulfill the above commitments, I agree to take relevant penalties or take relevant management measures against me in accordance with the relevant regulations and rules formulated or issued by the China Securities Regulatory Commission, Shanghai Stock Exchange and other institutions.

Note 26: (1) I/the Company and other companies controlled by me/the Company do not currently engage in the same or similar business as the company and its holding subsidiaries and have a material adverse impact on the company.
(2) I/this company and other companies controlled by me/this company will not engage in any business that is the same or similar to Zhongcon Technology and its holding subsidiaries and has a material adverse impact in any form (including but not limited to establishment, investment, acquisition, merger, etc.) in the future.
(3) I/the Company will supervise and restrict the production and business activities of other enterprises that I/the Company may control at present and in the future. On the premise that there is no competition with the related parties of the Company, I/the Company will perform the obligations of the actual controller and the person acting in concert to require other enterprises under my/the Company's control not to compete with the expanded products or businesses of the Company and the holding subsidiaries; In the event that there may be competition with the products or business expanded by the controlling subsidiary, I/the company will perform the obligations of the actual controller and the person acting in concert. Require other enterprises controlled by me/the Company to withdraw from the competition with Sinotech and its holding subsidiaries in the following ways:A, stop producing or operating products or businesses that constitute competition or may constitute competition; B, the competing business into the control technology and holding subsidiaries to operate; C. Transfer of competing business to an unrelated third party; If other enterprises controlled by me/us are unable to approve the above requirements in accordance with their legal decision-making procedures, I/us can resolve the potential competition

risk by withdrawing the relevant shares.
(4) I/the Company shall guarantee not to seek for myself or others the business opportunities belonging to the company and its holding subsidiaries, or operate the same business as the company and its holding subsidiaries on my own or for others. If a business opportunity obtained from any third party competes or may compete with the business operated by the controlling subsidiary, I/the Company shall immediately notify the company and shall facilitate the granting of the business opportunity to the company or the adoption of any other scheme that can be recognized by the regulatory authorities. In order to ultimately exclude the actual management and operation rights of the promised party to the assets/equity/business involved in such business opportunities, so as to avoid the formation of industry competition with Zhongcon technology.
(5) I/the Company shall not use any means to engage in business or activities that cause or may cause adverse effects on the normal operation and development of the company, and shall not damage the interests of the company and other shareholders, including but not limited to: using my/the company's social resources and customer resources to hinder or restrict the independent development of the company; Spreading unfavorable news or information to the society and customers; Use the control position of myself/the company to exert influence, resulting in abnormal changes or fluctuations of the technical management personnel and R&D technical personnel of the central control technology, which is not conducive to the development of the central control technology.
(6) If I/the company violates the above commitments and causes losses to the company and other shareholders, I/the company shall voluntarily bear the losses caused to the company and other shareholders.

Note 27: (1) As of the date of issuance of this Commitment, except for the circumstances already disclosed, there are no other major related party transactions between me/the Company and the Company controlled by me/the Company and Zhongkong Technology; (2) I/the company will not affect the independence of the company, and will maintain the independence of the company in terms of assets, personnel, finance, business and institutions; (3) I/the Company will try my best to avoid related transactions with Sinotech. For inevitable related business transactions or transactions, the transaction price will be determined according to the reasonable price recognized by the market on the basis of equality and voluntarism, in accordance with the principles of fairness, fairness and compensation of equivalent value; (4) I/the Company will strictly abide by the avoidance provisions of related party transactions in the articles of association of the Company, the related party transactions will be carried out in accordance with the decision-making procedures of related party transactions of the company, and will perform legal procedures and disclose the information of related party transactions in a timely manner; (5) I/the Company and the companies controlled by me/the Company guarantee that I/the Company will not use related party transactions to transfer the profits of the company, and will not damage the legitimate rights and interests of the company and other shareholders by influencing the business decisions of the company. (6) I/the enterprise and the enterprises controlled by me/the enterprise shall not illegally occupy the capital of Sinotech in any way and require Sinotech to provide guarantee for violations.

Note 28: Violation of the restraint measures committed to stabilize the stock price

If within three years after the listing of the Company, the closing price of the Company's A-share stock is lower than the audited net asset value per share at the end of the previous year for 20 consecutive trading days, not due to force majeure or malicious speculation by A third party (the 20th trading day constitutes the "triggering plan date for stable stock price"), If the net assets of the company or the total number of shares are changed due to such ex-rights and ex-dividend events as dividend payout, stock transfer, capital reserve conversion to capital increase, share split, additional issue, rights issue or share reduction, etc., the net assets per share shall be adjusted accordingly. The Company will publicly explain the specific reasons for its failure to fulfill its commitments and apologize to shareholders and public investors at the general meeting of shareholders and in newspapers designated by the CSRC; At the same time, if the directors and senior management of the Company fail to perform their duties in formulating stock price stabilization measures in a timely manner and submitting them to the general meeting of shareholders for consideration, the relevant directors and senior management will be suspended from receiving compensation or allowances from the Company until they have actually fulfilled their relevant responsibilities.

Note 29: (1) Restraint measures that violate the promise of no false record, misleading statement or material omission in the prospectus

If the Company violates this commitment, the Company will publicly apologize to shareholders and public investors at the general meeting of shareholders and in the newspapers designated by the China Securities Regulatory Commission for failing to implement the above measures to buy back new shares and compensate for losses, and compensate investors according to law. In the periodic report, the company will disclose the performance of its commitments on share repurchase and compensation for losses, as well as the remedies and corrections for non-performance of commitments.

(2) Binding measures that violate other commitments

If the Company fails to fulfill, has been unable to fulfill or fails to fulfill on time any other types of commitments made by the Company for this offering and listing, the Company will take the following measures: 1. The Company shall timely and fully disclose the specific reasons for the failure to fulfill, unable to fulfill or unable to fulfill on time and apologize to shareholders and public investors; 2. provide additional or alternative commitments to the investor to protect the legitimate rights and interests of the investor as far as possible; 3. Submit the above supplementary or alternative commitments to the Company's general meeting for consideration; 4. If the company fails to fulfill its relevant commitments and causes losses to investors, the company shall bear the liability for damages according to law.

Note 30: The controlling shareholders, actual controllers and concerted actors of the company undertake the following binding measures for non-performance of relevant commitments:

I/the company will actively fulfill all commitments made on the initial public offering of A-shares and listing of Zhongkong Technology, voluntarily accept the supervision of the regulatory authorities, the public and investors, and bear the corresponding responsibilities according to law. If the relevant commitments are not fulfilled, I/the company undertakes to take the following remedial measures:

(1) I/the company shall timely and fully disclose the specific reasons for the failure to fulfill the commitment, the failure to perform or the failure to perform on time at the shareholders' meeting and the disclosure media designated by the China Securities Regulatory Commission, and apologize to the shareholders and public investors;

(2) to provide additional or alternative commitments to the investor in order to protect the legitimate rights and interests of the investor as far as possible;

(3) If I/the company does not fulfill the commitment to obtain benefits, such benefits belong to the control technology;

(4) I/the company directly or indirectly held the technology of the stock shall not be transferred until I/the company to fulfill the relevant commitments or make supplementary or alternative commitments;

(5) If I/the company fails to fulfill the relevant commitments and causes losses to CCIC technology and investors, I/the company will be liable for damages according to law.

Note 31: Shareholders holding more than 5% of the company undertake the following binding measures for non-performance of relevant commitments:

The Company will actively fulfill all commitments made in respect of the initial public offering of A-shares and the listing on the KEChuang Board, voluntarily accept the supervision of regulatory authorities, the public and investors, and bear the corresponding responsibilities according to law. If the relevant commitments are not fulfilled, the Company undertakes to take the following remedial measures:

(1) The Company shall promptly and fully disclose the specific reasons for its failure to fulfill, perform or perform on time at the shareholders' meeting and the disclosure media designated by the China Securities Regulatory Commission, and apologize to shareholders and public investors;

(2) to provide additional or alternative commitments to the investor in order to protect the legitimate rights and interests of the investor as far as possible;

(3) If the Company obtains benefits due to failure to fulfill its commitments, such benefits shall belong to Sinotech;

(4) The Company directly or indirectly held by the Company in the technology of the stock shall not be transferred until the company has fulfilled the relevant commitments or made supplementary or alternative commitments;

(5) If the Company fails to fulfill the relevant commitments and causes losses to the company's technology and investors, the Company will be liable for damages according to law.

Note 32: The Company's directors (non-independent directors), supervisors and senior management undertake the following restrictive measures for non-performance of relevant commitments:

I will actively fulfill all commitments made in this initial public offering and listing, voluntarily accept the supervision of regulatory authorities, the public and investors, and bear the corresponding responsibilities according to law. If I fail to fulfill my commitments, I promise to take the following remedial measures:

(1) I shall promptly and fully disclose the specific reasons for my failure to fulfill, perform or perform on time at the shareholders' meeting and the disclosure media designated by the China Securities Regulatory Commission, and apologize to shareholders and public investors;

(2) to provide additional or alternative commitments to the investor in order to protect the legitimate rights and interests of the investor as far as possible;

(3) If I obtain benefits due to my failure to fulfill the commitment, such benefits shall belong to Sinotech;

(4) I will stop receiving compensation, dividends or allowances from Zhongkeng Technology, and the shares of Zhongkeng Technology that I directly or indirectly hold shall not be transferred until I fulfill the relevant commitments or make supplementary or alternative commitments;

(5) If I fail to fulfill the relevant commitments and cause losses to CTC technology and investors, I will be liable for damages according to law.

Note 33: No loans or any other form of financial assistance, including guarantees for loans, will be provided to incentive subjects to obtain restricted stock under the Plan.

Note 34: If the Company does not comply with the entitlement or vesting arrangement due to false records, misleading statements or material omissions in the information disclosure documents, the incentive object shall return all the benefits obtained by the equity incentive plan to the Company after the false records, misleading statements or material omissions are confirmed in the relevant information disclosure documents.

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

☐ "Applicable" ☑ "Not applicable"

III. Violation of guarantee

☐ "Applicable" ☑ "Not applicable"

IV. Semi-annual report audit

☐ "Applicable" ☑ "Not applicable"

V. Changes and handling of matters involved in non-standard audit opinions in the annual report of the previous year

☐ "Applicable" ☑ "Not applicable"

VI. Matters related to bankruptcy and reorganization

☐ "Applicable" ☑ "Not applicable"

VII. Major litigation and arbitration matters

☐ "Applicable" ☑ "Not applicable"

VIII. Listed companies and their directors, supervisors, senior executives, controlling shareholders, and actual controllers suspected of violating laws and regulations, punishments and rectifications

☐ "Applicable" ☑ "Not applicable"

IX. Explanation on the integrity status of the company and its controlling shareholders and actual controllers during the reporting period

☐ "Applicable" ☑ "Not applicable"

X. Major related transactions

(1) Affiliated 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"

Matters overview	Query index
The company held the 20th meeting of the fifth board of directors and the seventeenth meeting of the fifth board of supervisors on April 26, 2023, and held the 2022 annual general meeting on May 17, 2023. Proposal on the Quota of Annual Routine Related Transactions", the estimated amount of this daily related transaction is RMB 1.088 billion.	For details, please refer to the "Announcement of Zhejiang Supcon Technology Co., Ltd. on the Estimated Amount of Routine Related Transactions in 2023" published by the company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2023 (Announcement No. : 2023-021).

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

☐ "Applicable" ☑ "Not applicable"

3. Matters not disclosed in the interim announcement

☐ "Applicable" ☑ "Not applicable"

(2) Asset acquisitions or equity acquisitions or sales

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

☐ "Applicable" ☑ "Not applicable"

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

☐ "Applicable" ☑ "Not applicable"

3. Matters not disclosed in the interim announcement

☐ "Applicable" ☑ "Not applicable"

4. If performance agreement is involved, the performance realization during the reporting period shall be disclosed

☐ "Applicable" ☑ "Not applicable"

(3) Significant connected transactions involving joint foreign investment

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

☐ "Applicable" ☑ "Not applicable"

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

☐ "Applicable" ☑ "Not applicable"

3. Matters not disclosed in the interim announcement

☐ "Applicable" ☑ "Not applicable"

(4) Related claims and debts

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

☐ "Applicable" ☑ "Not applicable"

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

☐ "Applicable" ☑ "Not applicable"

3. Matters not disclosed in the interim announcement

☐ "Applicable" ☑ "Not applicable"

(5) The financial business between the company and the financial company that has a related relationship, the company's holding financial company and related parties

☐ "Applicable" ☑ "Not applicable"

(6) Other major related party transactions

☐ "Applicable" ☑ "Not applicable"

(7) Other

☐ "Applicable" ☑ "Not applicable"

XI. Significant contracts and their performance

(1) Trusteeship, contracting and leasing

☐ "Applicable" ☑ "Not applicable"

(2)Significant guarantees fulfilled and not yet fulfilled during the reporting period

☑ "Applicable" ☐ "Not applicable"

Unit : Yuan Currency : RMB

The company's external guarantees (excluding guarantees for subsidiaries)															
guarantor	The relationship between the guarantor and the listed company	guaranteed party	Guarantee amount	Guarantee occurrence date (agreement signing date)	guarantee start date	guarantee expiry date	Guarantee type	Master debt situation	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Guarantee overdue amount	Counter guarantee	Whether to guarantee for related parties	associate relation
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)															
Total balance of guarantees at the end of the reporting period (A) (excluding guarantees to subsidiaries)															

Guarantees provided by the company and its subsidiaries to its subsidiaries												
guarantor	The relationship between the guarantor and the listed company	guaranteed party	The relationship between the guaranteed party and the listed company	Guarantee amount	Guarantee occurrence date (agreement signing date)	Guarantee start date	Guarantee Expiry Date	Guarantee type	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Guarantee overdue amount	Whether there is a counter-guarantee
Zhejiang	Company	Zhejiang	Holding	10,000,000.00	2023/05/10	2023/05/10	2024/05/17	joint	no	no	0	no

SUPCON Technology Co., Ltd.	Headquarters	Supcon Fluid Technology Co., Ltd.	subsidiary					liability guarantee				
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon Software Technology Co., Ltd.	Wholly Owned subsidiary	5,000,000.00	2023/05/10	2023/05/10	2024/05/17	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon System Engineering Co., Ltd.	Wholly owned subsidiary	8,000,000.00	2023/05/10	2023/05/10	2024/05/17	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon Automation Instrument Co., Ltd.	Holding subsidiary	11,000,000.00	2023/05/10	2023/05/10	2024/05/17	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Gongziyi Network Co., Ltd.	Wholly owned subsidiary	50,000,000.00	2023/05/11	2023/05/11	2024/05/10	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon Fluid Technology Co., Ltd.	Holding subsidiary	15,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint liability guarantee	no	no	0	no
Zhejiang	Company	Zhejiang	Wholly	15,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint	no	no	0	no

SUPCON Technology Co., Ltd.	Headquarters	Supcon Software Technology Co., Ltd.	owned subsidiary					liability guarantee				
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon System Engineering Co., Ltd.	Wholly owned subsidiary	15,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Supcon Automation Instrument Co., Ltd.	Holding subsidiary	15,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Gongziyi Network Co., Ltd.	Wholly owned subsidiary	100,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Zhongkong Xizi Technology Co., Ltd.	Holding subsidiary	5,000,000.00	2023/05/19	2023/05/19	2024/05/19	joint liability guarantee	no	no	0	no
Zhejiang SUPCON Technology Co., Ltd.	Company Headquarters	Zhejiang Zhongkong Fluid Technology Co., Ltd.	Holding subsidiary	10,000,000.00	2023/06/02	2023/06/02	2024/04/30	joint liability guarantee	no	no	0	no
Total amount of guarantees for subsidiaries during the reporting period												259,000,000.00

Total balance of guarantees to subsidiaries at the end of the reporting period (B)	259,000,000.0
Total company guarantees (including guarantees to subsidiaries)	
Total Guarantee (A+B)	259,000,000.0
The ratio of the total guarantee amount to the company's net assets (%)	2.79
in:	
The amount of guarantees provided for shareholders, actual controllers and their related parties (C)	
The amount of debt guarantee provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70 % (D)	193,000,000.0
The amount of total guarantee exceeding 50 % of net assets (E)	
The total amount of the above three guarantees (C+D+E)	193,000,000.0
Explanation on possible joint and several liability for unexpired guarantees	Nor
Guarantee statement	Nor

（3）Other major contracts

☑ "Applicable" ☐ "Not applicable"

Procuring agent	The seller	Contract amount (ten thousand yuan)	Contract date	Object of contract	Status of performance
Shandong yulong petrochemical co., LTD	Zhejiang SUPCON Technology Co., LTD	20,800	February 28, 2023	Industrial software	Under implementation
Lubei Wanrun Intelligent Energy Technology (Shandong) Co., LTD	Zhejiang SUPCON Technology Co., LTD	15,417	January 3, 2023	Third party products, control systems, field instrumentation	Under implementation

Shandong Dongming Petrochemical Group Co., LTD	Zhejiang SUPCON Technology Co., LTD	6,000	June 29, 2023	Control system	Under implementation
Anhui Yiyi Dairy Co., LTD	Zhejiang SUPCON Technology Co., LTD	5,398	February 18, 2023	Third party products, control system	Under implementation
Ningxia Crystal new energy materials Co., LTD	Zhejiang SUPCON Technology Co., LTD	4,530	January 28, 2023	Control system, industrial software	Under implementation
Shanxi Shuangyan Pharmaceutical Co., LTD	Zhejiang SUPCON System Egineering Co., LTD	3,422	May 15, 2023	Industrial software, third party products, control system	Under implementation
Xinjiang Eastern Hesheng Silicon Industry Co., LTD	Zhejiang SUPCON Technology Co., LTD	3,150	March 31, 2023	Control system, industrial software	Under implementation
Guizhou Bangsheng new energy materials Co., LTD	Zhejiang SUPCON System Egineering Co., LTD	3,088	June 15, 2023	Control systems, field instrumentation, third party products	Under implementation

XI. Explanation on the use of raised funds

"☑ Applicable" ☐ "Not applicable"

(1) Overall use of raised funds

"☑ Applicable" ☐ "Not applicable"

Unit : yuan

Source of funds raised	Time to raise funds	Total funds raised	Net proceeds raised after deducting issuance expenses	The total investment commitment of raised funds	Total committed investment of raised funds after adjustment (1)	As of the end of the reporting period , the total amount of funds invested and raised (2)	Cumulative investment progress as of the end of the reporting period (%) (3) = (2)/(1)	Amount invested this year (4)	Proportion of investment amount in this year (%) (5)=(4)/(1)
Initial public offering	November 17, 2020	1,755,414,900.00	1,637,326,117.14	1,606,609,600.00	1,606,609,600.00	1,463,703,259.28	91.11	281,695,850.37	17.53
Other	April 18, 2023	3,885,297,069.53	3,834,603,871.75	3,834,603,871.75	3,834,603,871.75	196,126,750.42	5.11%	196,126,750.42	5.11%

Note: The total amount of funds raised by GDR received by the Company on April 18, 2023 was USD 564.60852 million, equivalent to RMB 3,885,297,069.53 (the central parity rate of RMB exchange rate was set at USD 1 to RMB 6.8814 on April 18, 2023 by the Foreign Exchange Trading Center of the People's Bank of China). After deducting issuance expenses of RMB 50.69319778 million (excluding tax), the net funds raised were RMB 3,834,603,871.75. Approximately 40% of the net proceeds from the GDR offering will be used to implement the Company's global research and development program; Approximately 30% of the net proceeds will be used to develop the Company's global marketing network and expand sales channels, build overseas production sites and expand its business; Approximately 30% of the net proceeds will be used to supplement the Company's working capital and for other general corporate purposes. Up to now, the Company has used RMB 196,126,750.42 of its GDR raised funds, of which RMB 106,104,575.20 has been used for the acquisition of hobre Netherlands and RMB 90,022,175.22 has been used for supplementary working capital.

(2) Fundraising project details

"☑ Applicable" ☐ "Not applicable"

Project name	Project nature	Does it involve a change of direction	Source of funds raised	Time to raise funds	Whether to use super-raised funds	The total investment commitment of project raised funds	Adjusted total investment of raised funds(1)	As of the end of the reporting period , the total amount of funds invested and raised (2)	Cumulative investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Item reaches intended usable status date	Whether the item has been closed	Is the input progress in line with the planned progress	Specific reasons why the investment progress did not meet the plan	Whether the benefit was realized during the reporting period	The realized benefits or R&D results of this project	Whether there is a major change in the feasibility of the project, if yes, please explain the specific situation	The amount of the surplus and the reason for it
New generation control system research and development and industrializati	Research and development	not applicable	initial public offering	November 17, 2020	no	435,589,800.00	435,589,800.00	446,010,838.63	102.39	June 2023	no	yes	none	not applicable	/	no	/

on projects																	
Intelligent industrial software research and development and industrialization projects	Research and development	not applicable	initial public offering	November 17, 2020	no	260,502,200.00	260,502,200.00	271,103,881.39	104.07	June 2023	no	yes	none	not applicable	/	no	/
Annual production of 200,000 high-precision pressure	Production construction	not applicable	initial public offering	November 17, 2020	no	109,342,700.00	109,342,700.00	61,149,262.92	55.92	June 2025	no	yes	none	not applicable	/	no	/

transmitter projects																	
Annual production of 100,000 sets/sets of intelligent control valve project	Production construction	not applicable	initial public offering	November 17, 2020	no	193,038,300.00	193,038,300.00	122,245,352.28	63.33	June 2023	no	yes	none	not applicable	/	no	/
Automation housekeeper 5S one-stop service platform construction	Operations Management	not applicable	initial public offering	November 17, 2020	no	366,892,000.00	366,892,000.00	320,973,323.24	87.48	June 2024	no	yes	none	not applicable	/	no	/

project																	
Intelligent manufacturing cutting-edge technology research and development projects	Research and development	not applicable	initial public offering	November 17, 2020	no	101,244,600.00	101,244,600.00	101,837,034.31	100.59	June 2023	yes	yes	none	not applicable	/	no	/
Supplementary working capital project	Make up for loan repayment	not applicable	initial public offering	November 17, 2020	no	140,000,000.00	140,000,000.00	140,383,566.51	100.27	not applicable	yes	not applicable	none	not applicable	/	no	/

Unit : Yuan

(3) Changes in fundraising during the reporting period

"☐ Applicable" ☑ "Not applicable"

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

1. The initial investment and replacement of investment projects with raised funds

"☐ Applicable" ☑ "Not applicable"

2. Temporarily supplement working capital situation with idle raised funds

"☐ Applicable" ☑ "Not applicable"

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

"☑ Applicable" ☐ "Not applicable"

On November 24, 2022, the 17th meeting of the fifth Board of Directors and the 15th meeting of the fifth Board of Supervisors of the Company were held to consider and pass the Motion on Using Part of the Temporarily idle Raised Funds for cash Management. On the premise that it will not affect the implementation of the investment project of the raised funds and ensure the safety of the raised funds, it is agreed that the Company will use up to RMB 60,000 yuan of temporary idle raised funds for cash management, which will be used to purchase investment products with high safety, good liquidity, meeting the requirement of capital preservation and low risk, and it will be valid within 12 months from the date of approval by the Board of Directors of the Company. Within the above-mentioned limit and term range, it can be used in a rolling cycle. In the first half of 2023, the company used idle raised funds to purchase financial products with an amount of 37,000 yuan. As of June 30, 2023, the balance of the Company's actual use of idle raised funds for cash management was 60 million yuan.

Unit: ten thousand yuan

Entrusted bank	Product name	Product type	The amount	Value date	Expiry date	Maturity	Rate of return %
Bank of China Limited Hangzhou Binjiang Sub-branch	Bank of China Linked Structured Deposit 【CSDVY202225053】	structured deposit	5,000.00	2022/12/23	2023/3/23	be expired	3.4
China Construction Bank Corporation Hangzhou West Lake Sub-branch	China Construction Bank Zhejiang Branch Unit RMB Customized Structured Deposit	structured deposit	5,000.00	2022/12/27	2023/3/27	be expired	3.2
Bank of China Limited Hangzhou Binjiang Sub-branch	Bank of China Linked Structured Deposit 【CSDVY202225629】	structured deposit	5,000.00	2023/1/6	2023/3/30	be expired	3.37
Bank of Ningbo Co., Ltd. Hangzhou	Unit structured deposit 230027	structured deposit	3,000.00	2023/1/10	2023/3/29	be expired	3.2

Chengbei Sub-branch							
Industrial and Commercial Bank of China Limited Hangzhou Qianjiang Sub-branch	certificate of deposit	certificate of deposit	3,000.00	2023/1/13	2023/4/20	be expired	3.1
China Construction Bank Corporation Hangzhou West Lake Sub-branch	China Construction Bank Zhejiang Branch Unit RMB Customized Structured Deposit	structured deposit	4,000.00	2023/3/28	2023/6/28	be expired	3.1
Bank of China Limited Hangzhou Binjiang Sub-branch	Bank of China Linked Structured Deposit 【CSDVY202332417】	structured deposit	6,000.00	2023/4/10	2023/6/29	be expired	3.36
Industrial and Commercial Bank of China Limited Hangzhou Qianjiang Sub-branch	certificate of deposit	certificate of deposit	3,000.00	2023/4/25	2023/7/28	not yet expired	3.05
China Construction Bank Corporation Hangzhou West Lake Sub-branch	China Construction Bank Zhejiang Branch Unit RMB Customized Structured Deposit	structured deposit	3,000.00	2023/6/29	2023/9/25	not yet expired	1.50-3.00

4. Permanent supplement of working capital with super-raised funds or repayment of bank loans

"□ Applicable" ☑ "Not applicable"

5. Other

"☑ Applicable" □ "Not applicable"

On April 26, 2023, the Company held the 20th meeting of the fifth Board of Directors and the 17th meeting of the fifth Board of Supervisors, deliberating and passing the "Motion on the extension of part of the raised investment project", and agreed to extend the date of the company's raised funds investment project "Annual output of 200,000 high-precision pressure transmitter project" to reach the scheduled state of use to June 2025. This extension does not change the content, purpose of investment, total investment and implementation of the project.

XII. other important matters

"☑ Applicable" ☐ "Not applicable"

On December 4, 2022, the Company held the 18th meeting of the fifth Board of Directors, and the second extraordinary general meeting of 2022 was held on December 21, 2022. The Bill on Issuing GDRS and listing them on the Swiss Stock Exchange and converting them into overseas Limited Company by Shares, the Bill on Issuing GDRS and listing them on the Swiss Stock Exchange and other bills related to the listing of this issue were considered and adopted.

On January 2023, the Company received conditional approval from the Swiss Stock Exchange Supervisory Authority for the Company to issue a GDR and list on the Swiss Stock Exchange. On March 30, 2023, the Company received the "Reply on Approval of Zhejiang Zhongkong Technology Co., LTD. 's Initial Public Offering of Global Depositary Receipts and Listing on the Swiss Stock Exchange" issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") (CSRC Permit No. (2023) 710). According to the reply, the new A-share underlying shares corresponding to the issuance of Global Depositary Receipts (hereinafter referred to as "GDR") by the CSRC shall not exceed 49,682,300 shares, calculated according to the conversion ratio determined by the Company. The corresponding number of GDRS issued does not exceed 24,841,150 copies.

On April 11, 2023, the number of GDRS actually issued by the Company was 20,958,000, representing 41,916,000 A-shares of the underlying securities, and the final issue price was $26.94 each, raising A total of approximately $565 million. Equivalent to RMB 3,885,297,069.53 (on April 18, 2023, the central parity rate of RMB exchange rate announced by the Foreign Exchange Trading Center of the People's Bank of China was RMB 6.8814 per US $1), after deducting the issuance fee of RMB 50,693,197.78 (excluding tax), The net funds raised were RMB3,834,603,871.75.

According to the prospectus for the GDR offering, the Company intends to use 40% of the net proceeds from the GDR Offering to implement the Company's global research and development program, 30% of the net proceeds to develop the Company's global marketing network and expand sales channels, and 30% of the remaining net proceeds to supplement the Company's working capital and other general corporate purposes. The Company will have broad discretion in the use of the net proceeds. The intended use of the proceeds from the above GDR issuance is based on the Company's current plans and business conditions, and is subject to change based on business plans, regulatory requirements and market conditions to comply with business strategy and legal and regulatory requirements.

(1) GDR fund storage

The Company raised USD 564,608,520.00 (RMB 3,885,297,069.53 at a discount) in this GDR offering. After deducting RMB 50,693,197.78 in issuing fees, the net raised funds amounted to RMB 3,834,603,871.75. It was remitted by the underwriter, Huatai Financial Holdings, to the Company's account at ICBC Zurich Branch on April 18, 2023. The details are as follows:

Contributor	Payment date	Bank account	Currency	Remittance amount
Huatai Financial Holdings	April 18, 2023	CH3083006001000001762	USD	558,962,414.80

As of June 30, 2023, the specific deposit situation and balance of the company's GDR fund raising account are as follows:

Bank of deposit	Bank account	Balance	Currency
Industrial and Commercial Bank of China Zurich branch	CH3083006001000001762	531,083,721.28	USD

Section 7 Changes in shares and shareholders

I. Changes in share capital

(1) Changes in Shares

1. Changes in Shares

Unit: share

	Before this change		Increase or decrease of this change (+ ,-)					After this change	
	quantity	Proportion(%)	Issuance of new shares	Bonus shares	Provident fund transfer	other	Subtotal	quantity	Proportion(%)
(1) Shares subject to sales restrictions	170,454,861	34.31	2,743,000		77,939,037		80,682,037	251,136,898	31.95
1. State shareholding									
2. Shares held by state-owned legal persons									
3. Other domestic shares	170,454,861	34.31	2,743,000		77,939,037		80,682,037	251,136,898	31.95
Including: shares held by domestic non-state-owned legal persons	71,936,563	14.48			32,371,453		32,371,453	104,308,016	13.27
Shares held by domestic natural persons	98,518,298	19.83	2,743,000		45,567,584		48,310,584	146,828,882	18.68
4. Foreign shareholding									
Including: foreign legal person holding shares									

Shares held by foreign natural persons									
(2) Circulating shares not subject to sales restrictions	326,368,139	65.69	42,451,018		165,968,621		208,419,639	534,787,778	68.05
1. RMB ordinary shares	326,368,139	65.69	42,451,018		165,968,621		208,419,639	534,787,778	68.05
2. Domestic listed foreign shares									
3. Foreign shares listed overseas									
4. Others									
(3) Total number of shares	496,823,000	100.00	45,194,018		243,907,658		289,101,676	785,924,676	100.00

2. Description of changes in shares

"☑ Applicable" ☐ "Not applicable"

As of June 30, 2023, the company has completed the exercise of the third exercise period of the 2019 stock option incentive plan, and 2,743,000 new shares have been issued on February 13, 2023 in China Securities Depository and Clearing Co., Ltd. Shanghai The registration of the branch company is completed, and the total share capital of the company will be changed from 496,823,000 shares to 499,566,000 shares. For details, please refer to the “Exercise Results of the Third Exercise Period of the 2019 Stock Option Incentive Plan of Zhejiang Supcon Technology Co., Ltd. and the Share Change Announcement" (Announcement No.: 2023-005).

As of June 30, 2023, the company has completed the issuance of Global Depositary Receipts (GDR), corresponding to 41,916,000 newly added A shares of underlying securities, which was registered with the Shanghai Branch of China Securities Depository and Clearing Company Limited on April 12, 2023, and listed on the Swiss Stock Exchange on April 17, 2023. The company's total share capital will be changed from 499,566,000 shares to 541,482,000 shares. For details, please refer to the "Announcement of Zhejiang Supcon Technology Co., Ltd. on Issuing GDRs and Listing on the Swiss Stock Exchange" published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 18, 2023 (Announcement No.: 2023-013).

As of June 30, 2023, the company has completed the share registration for the first vesting period of the 2021 restricted stock incentive plan, and 535,018 new shares have been registered in China Securities Depository and Clearing Co., Ltd. Shanghai Branch on June 5, 2023. After the registration is completed, the company's total share capital will be changed from 541,482,000 shares to 542,017,018 shares. For details, please refer to the "Zhejiang Supcon Technology Co., Ltd. 2021 Restricted Stock Incentive Plan First Vesting Period Vesting Results and Shares" published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on June 7, 2023. Listing Announcement" (Announcement No.: 2023-032).

As of June 30, 2023, the company has completed the implementation of the 2022 equity distribution, and the transfer of 243,907,658 shares has been registered at China Securities Depository and Clearing Co., Ltd. Shanghai Branch on June 21, 2023. The company's total share capital will be changed from 542,017,018 shares 785,924,676 shares. For details, please refer to the "Zhejiang Supcon Technology Co., Ltd. 2022 Annual Equity Distribution Implementation Announcement" published on the website of the Shanghai Stock Exchange (www.sse.com.cn) on June 16, 2023 (announcement number: 2023-034) .

3. The impact of shareholding changes on financial indicators such as earnings per share and net assets per share during the period from the reporting period to the disclosure date of the semi-annual report (if any)

"☐ Applicable" ☑ "Not applicable"

4. Other content that the company deems necessary or required by securities regulators to disclose

"☐ Applicable" ☑ "Not applicable"

(2) Changes in restricted shares

"☑ Applicable" ☐ "Not applicable"

Unit: share

shareholder name	Number of restricted shares at the beginning of the period	Number of shares released from trading restrictions during the reporting period	Increase in the number of restricted shares during the reporting period	Number of restricted shares at the end of the reporting period	Reason for restriction	Release date
2019 stock option incentive plan incentive object	5,533,000	0	6,467,200	12,000,200	Option exercise restrction	January 8, 2024: 4,051,300 shares released; January 21, 2025: 3,971,550 shares released; February 13, 2026: 3,977,350 shares released
total	5,533,000	0	6,467,200	12,000,200	/	/

II. Shareholders

(1) Total number of shareholders:

Ordinary shareholders as of the end of the reporting period (accounts)	13,923
Total number of preferred shareholders with voting rights restored as of the end of the reporting period (accounts)	0
Total number of shareholders holding special voting shares as of the end of the reporting period (accounts)	0

Number of Depositary Receipt Holders

"☐ Applicable" ☑ "Not applicable"

(2) Table of shareholdings of top ten shareholders and top ten shareholders not subject to sales restrictions as of the end of the reporting period

Circumstances where the top ten shareholders simultaneously hold shares through ordinary securities accounts and securities companies' client credit transaction guaranteed securities accounts

"☐ Applicable" ☑ "Not applicable"

Shareholdings of the top ten shareholders								
Shareholder name (full name)	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proportion(%)	Number of restricted shares held	Number of restricted shares including shares lent for refinancing	Pledge , Mark or Freeze Situation		Shareholder nature
						shares state	quantity	
Chu Jian	32,562,788	104,924,538	13.35	104,924,538	104,924,538	none	0	Domestic natural person
Citibank, National Association	60,778,200	60,778,200	7.73	0	0	none	0	Other
Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership)	17,775,000	57,275,000	7.29	57,275,000	57,275,000	none	0	Other
HKSCC	30,260,158	45,676,312	5.81	0	0	none	0	Other
Chu Min	9,280,597	29,904,145	3.80	29,904,145	29,904,145	none	0	Domestic natural person
Shenwan Hongyuan Securities - Zhejiang Zhongkong Technology Co., Ltd. Phase I Employee Stock Ownership Plan - Shenwan Hongyuan Zhongkong Technology Employee Stock Ownership No. 1 Single Asset Management Plan	9,196,453	29,633,016	3.77	29,633,016	29,633,016	none	0	Other

Sinopec Group Capital Co., Ltd.	6,716,518	28,606,518	3.64	0	0	none	0	State-owned legal person
China Merchants Bank Co., Ltd. - Huaxia Shanghai Science and Technology Innovation Board 50 Component Trading Open-end Index Securities Investment Fund	7,207,348	25,434,008	3.24	0	0	none	0	Other
CITIC Securities - Zhejiang SUPCON Technology Co., Ltd. Phase II Employee Stock Ownership Plan - CITIC Securities SUPCON Technology Employee Stock Ownership No. 2 Single Asset Management Plan	5,400,000	17,400,000	2.21	17,400,000	17,400,000	none	0	Other
Shanghai Tanying Investment Partnership (Limited Partnership)	93,022	11,237,359	1.43	0	0	none	0	Other

Shareholdings of the top ten shareholders not subject to sales restrictions			
Shareholder name	Number of unrestricted tradable shares held	Type and number of shares	
		type	quantity
Citibank, National Association	60,778,200	RMB	60,778,200

		ordinary shares	
HKSCC	45,676,312	RMB ordinary shares	45,676,312
Sinopec Group Capital Co., Ltd.	28,606,518	RMB ordinary shares	28,606,518
China Merchants Bank Co., Ltd. - Huaxia Shanghai Science and Technology Innovation Board 50 Component Trading Open-end Index Securities Investment Fund	25,434,008	RMB ordinary shares	25,434,008
Shanghai Tanying Investment Partnership (Limited Partnership)	11,237,359	RMB ordinary shares	11,237,359
Lanxi Puhua Yihui Investment Partnership (Limited Partnership)	10,363,914	RMB ordinary shares	10,363,914
Industrial and Commercial Bank of China Limited - E Fund Shanghai Science and Technology Innovation Board 50 Component Trading Open-end Index Securities Investment Fund	8,787,845	RMB ordinary shares	8,787,845
Zhejiang Chint Electric Co., Ltd.	8,366,500	RMB ordinary shares	8,366,500
Industrial Bank Co., Ltd. - Xingquan Trend Investment Mixed Securities Investment Fund	7,756,884	RMB ordinary shares	7,756,884
Yu Zhisong	5,190,075	RMB ordinary shares	5,190,075
Explanation of the repurchase accounts among the top ten shareholders	Not applicable		
Explanation on proxy voting rights, proxy voting rights and waiver of voting rights of the above-mentioned shareholders	Not applicable		
Explanation on the related relationship or concerted action of the above-mentioned shareholders	1. As of the date of disclosure of the report, among the top ten shareholders of the company, Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership) is an enterprise controlled by the actual controller Mr. Chu Jian, and Mr. Chu Min is a close family member of Mr. Chu Jian. In addition, the company has not received any statement on the existence of other related relationships or concerted action agreements among the above-mentioned shareholders; 2. The company does not know whether there is any related relationship or concerted action statement among the shareholders of tradable shares that are not subject to sales restrictions.		

Explanation on preferred stockholders with restored voting rights and the number of shares held	Not applicable

Unit: share

The number of shares held by the top ten shareholders with sales restrictions and the conditions for sales restrictions

"☑ Applicable" ☐ "Not applicable"

Unit: share

serial number	Name of shareholder subject to sales restrictions	Number of restricted shares held	Listing and trading status of shares subject to sales restrictions		Restricted conditions
			Available time for listing and trading	Adding the number of shares that can be listed and traded	
1	Chu Jian	104,924,538	2023/11/24	0	36 months from date of listing
2	Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership)	57,275,000	2023/11/24	0	36 months from date of listing
3	Chu Min	29,904,145	2023/11/24	0	36 months from date of listing
4	Shenwan Hongyuan Securities - Zhejiang Zhongkong Technology Co., Ltd. Phase I Employee Stock Ownership Plan - Shenwan Hongyuan Zhongkong Technology Employee Stock Ownership No. 1 Single Asset Management Plan	29,633,016	2023/11/24	0	36 months from date of listing
5	CITIC Securities - Zhejiang SUPCON Technology Co., Ltd. Phase II Employee Stock Ownership Plan - CITIC Securities SUPCON Technology Employee Stock Ownership No. 2 Single Asset Management Plan	17,400,000	2023/11/24	0	36 months from date of listing
6	Huang Wenjun	293,625	2023/11/24	0	36 months from date of listing
7	Shen Hui	271,875	2023/11/24	0	36 months from date of listing

8	Yu Haibin	217,500	2023/11/24	0	36 months from date of listing
9	Mo Wei	217,500	2023/11/24	0	36 months from date of listing
10	Lai Jingyu	217,500	2023/11/24	0	36 months from date of listing
11	Qiu Kun	217,500	2023/11/24	0	36 months from date of listing
Explanation on the related relationship or concerted action of the above-mentioned shareholders		As of the date of disclosure of the report, among the top ten restricted shareholders of the company, Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership) is an enterprise controlled by the actual controller Mr. Chu Jian, and Mr. Chu Min is a close family member of Mr. Chu Jian , In addition, the company has not received any other related relationship or concerted action agreement with the above-mentioned shareholders.			

As of the end of the reporting period , the company's top ten domestic depositary receipt holders

"☐ Applicable" ☑ "Not applicable"

Depositary receipts held by the top ten holders of restricted depositary receipts and the restricted conditions

"☐ Applicable" ☑ "Not applicable"

(3) Table of the top ten shareholders by the number of voting rights as of the end of the reporting period

"☐ Applicable" ☑ "Not applicable"

(4) Strategic investors or general legal persons become the top ten shareholders due to allotment of new shares /depositary receipts

"☐ Applicable" ☑ "Not applicable"

III. Directors , Supervisors , Senior Management and Core Technicians

(1) Current and resigned directors, supervisors , senior managers and core technical personnel shareholding changes during the reporting period

"☑ Applicable" ☐ "Not applicable"

Unit: share

Name	position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Increase or decrease of shares during the reporting period	Reason for increase or decrease
CUI SHAN	Chairman of	47,500	105,125	57,625	Equity

	Board and CEO				incentive exercise 25,000 shares, transfer of capital reserve to increase 32,625 shares
Jin Jianxiang	Vice Chairman of the board	2,138,756	2,666,196	527,440	300,000 shares were reduced in the secondary market, and 827,440 shares were transferred from capital reserves
Liang Qiaochu	Chairman of the Supervisory Board	164,750	238,888	74,138	74,138 shares were transferred from capital reserves
Yu Haibin	Senior Vice President	2,719,500	4,015,775	1,296,275	Equity incentive exercise 50,000 shares, capital reserve increased by 1,246,275 shares
Shen Hui	Senior Vice President	1,657,614	2,494,165	836,551	62,500 shares were exercised for equity incentives, and 774,051 shares were transferred from capital reserves
Mo Wei	Senior Vice President	100,000	217,500	117,500	Equity incentive exercise 50,000 shares, transfer of capital reserve to increase 67,500 shares
Guo Biao	Senior Vice President	734,188	1,082,698	348,510	12,500 shares were exercised through equity incentives, and

Fang Yongsheng	Vice President, Secretary of the Board of Directors, Chief Financial Officer	237,500	380,625	143,125	336,010 shares were transferred from capital reserves 25,000 shares were exercised through equity incentives, and 118,125 shares were transferred from capital reserves
Qiu Kun	Vice President, Core Technician	701,375	1,089,494	388,119	50,000 shares were exercised through equity incentives, and 338,119 shares were transferred from capital reserves
Lai Jingyu	Vice President	416,570	676,527	259,957	50,000 shares were exercised through equity incentives, and 209,957 shares were transferred from capital reserves
Ding Xiaobo	Vice President	0	23,200	23,200	16,000 shares were exercised for equity incentives, and 7,200 shares were transferred from capital reserves
TEO KIMHOCK	Vice President	0	14,500	14,500	Equity incentive exercise 10,000 shares, transfer of capital reserve to increase 4,500 shares
Zhang Lei	Vice President	47,500	105,125	57,625	Equity

					incentive exercise 25,000 shares, transfer of capital reserve to increase 32,625 shares
Shentu Jiuhong (outgoing)	Vice President	707,750	1,033,488	325,738	5,000 shares were exercised through equity incentives, and 320,738 shares were transferred from capital reserves
Lu Weijun	core technical staff	198,101	305,371	107,270	12,500 shares were exercised through equity incentives, and 94,770 shares were transferred from capital reserves
Yao Jie	core technical staff	25,000	54,375	29,375	12,500 shares were exercised through equity incentives, and 16,875 shares were transferred from capital reserves
Chen Yu	core technical staff	173,750	270,063	96,313	12,500 shares were exercised through equity incentives, and 83,813 shares were transferred from capital reserves

Other information

"☑ Applicable" ☐ "Not applicable"

The company's shareholder, Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership), increased its shares by 17,775,000 shares due to the completion of the company's 2022 annual profit distribution and capital reserve conversion plan. There was also a corresponding increase in the shares of the Company held indirectly by CUI SHAN, Chairman and President, Yu Haibin, Shen Hui, Mo Wei, Guo Biao, Fang Yongsheng, Qiu Kun, Lai Jingyu, Zhang Lei, and key technical personnel Lu Weijun, Yao Jie and Chen Yu through Deqing Jiafu Enterprise Management Partnership (Limited Partnership), a partner of Hangzhou Yuancheng Enterprise Management Partnership (Limited Partnership).

(2) Share incentives awarded to directors, supervisors, senior managers and core technicians during the reporting period

1. Stock options

"☑ Applicable" ☐ "Not applicable"

Unit : share

Name	Position	Number of stock options held at the beginning of the period	Number of newly granted stock options during the reporting period	Shares with vesting rights during the reporting period	Shares exercised by stock options during the reporting period	Number of stock options held at the end of the period
CUI SHAN	Chairman and CEO	50,000	0	25,000	25,000	36,250
Yu Haibin	Senior Vice President	100,000	0	50,000	50,000	72,500
Shen Hui	Senior Vice President	125,000	0	62,500	62,500	90,625
Mo Wei	Senior Vice President	100,000	0	50,000	50,000	72,500
Guo Biao	Senior Vice President	25,000	0	12,500	12,500	18,125
Fang Yongsheng	Vice President, Secretary of the Board of Directors, Chief Financial Officer	50,000	0	25,000	25,000	36,250
Qiu Kun	Vice President, Core Technician	100,000	0	50,000	50,000	72,500

Lai Jingyu	Vice President	100,000	0	50,000	50,000	72,500
Zhang Lei	Vice President	50,000	0	25,000	25,000	36,250
Shentu Jiuhong (retired)	Vice President	10,000	0	5,000	5,000	7,250
Lu Weijun	core technical staff	25,000	0	12,500	12,500	18,125
Yao Jie	core technical staff	25,000	0	12,500	12,500	18,125
Chen Yu	core technical staff	25,000	0	12,500	12,500	18,125
Total	/	785,000	0	392,500	392,500	569,125

Note: In view of the implementation of the Company's 2022 annual profit distribution and capital reserve to increase equity plan, the number of options that have not yet been exercised in this incentive plan needs to be adjusted in accordance with the relevant provisions of the Measures for the Management of Equity Incentives for Listed Companies and the 2019 Stock Option Incentive Plan of Zhejiang Zhongkong Technology Co., LTD.

2.Class I restricted stock

"☐ Applicable" ☑ "Not applicable"

3.Class II restricted stock

"☑ Applicable" ☐ "Not applicable"

Unit: share

Name	Position	Number of restricted stocks granted at the beginning of the period	Number of newly granted restricted stocks during the reporting period	Attributable quantity	Vested quantity	Number of restricted stocks granted at the end of the period
Ding Xiaobo	Vice President	80,000	0	16,000	16,000	92,800
Teo Kim Hock	Vice President	50,000	0	10,000	10,000	58,000
Total	/	130,000	0	26,000	26,000	150,800

(3) Other instructions

"☐ Applicable" ☑ "Not applicable"

IV. Changes in controlling shareholders or actual controllers

"☐ Applicable" ☑ "Not applicable"

V. Relevant arrangements for depositary receipts during the reporting period

"☐ Applicable" ☑ "Not applicable"

VI. Special Voting Shares

"☐ Applicable" ☑ "Not applicable"

Section 8 Information about preferred shares

"☐ Applicable" ☑ "Not applicable"

Section 9 Bond related situation

I. Corporate bonds, corporate bonds and non-financial corporate debt financing instruments

"☐ Applicable" ☑ "Not applicable"

Convertible corporate bonds

"☐ Applicable" ☑ "Not applicable"

Section 10 Financial report

I. Audit Report

☐Applicable √ not applicable

II. Financial Statements

consolidated balance sheet

June 30, 2023

Prepared by: Zhejiang SUPCON Technology Co., Ltd.

Unit: Yuan Currency: RMB

project	notes	June 30, 2023	December 31 , 2022
Current assets:			
Money funds	Seven, 1	5,037,727,604.48	1,386,855,314.37
Settlement provisions			
Loan out funds			
trading financial assets	Seven, 2	1,442,000,000.00	2,275,808,701.79
derivative financial assets			
bill receivable	Seven, 4	865,810,104.50	752,659,672.24
accounts receivable	Seven, 5	2,252,012,793.07	1,732,151,960.06
Receivables Financing	Seven, 6	393,562,828.52	421,387,418.83
Prepayments	Seven, 7	453,108,985.15	434,768,341.54
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserves receivable			

other receivables	Seven, 8	106,807,412.89	93,303,006.06
Of which: interest receivable			
dividend receivable			
Financial assets purchased under agreements to resell			
stock	Seven, 9	4,096,439,356.58	3,721,875,316.26
contract assets	Seven, 10	447,786,521.74	369,519,984.02
Assets held for sale			
Non-current assets due within one year			
other current assets	Seven, 13	22,989,369.57	413,924,666.85
Total Current Assets		15,118,244,976.50	11,602,254,382.02
Non-current assets:			
Loans and advances issued			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	Seven, 17	857,280,428.21	681,889,018.82
Investment in other equity instruments	Seven, 18	24,113,692.31	14,113,692.31
Other non-current financial assets			
investment property	Seven, 20	75,481,622.64	77,039,311.06
fixed assets	Seven, 21	324,241,843.62	313,282,418.64
Construction in progress	Seven, 22	196,437,715.61	125,396,841.95
productive biological assets			
Oil and gas assets			
right-of-use asset	Seven, 25	26,321,499.82	29,688,696.72
intangible assets	Seven, 26	132,005,640.82	115,026,876.16
Development expenditure			
Goodwill	Seven, 28	168,009,248.41	
Long-term prepaid expenses	Seven, 29	42,808,658.66	35,169,381.73
Deferred tax assets	Seven, 30	70,539,019.12	44,982,306.39
Other non-current assets	Seven, 31	21,170,072.61	23,780,114.04
Total non-current assets		1,938,409,441.83	1,460,368,657.82
total assets		17,056,654,418.33	13,062,623,039.84
Current liabilities:			
short-term loan	Seven, 32	203,510,416.67	106,230,795.38
borrowing from the central bank			
Borrowing funds			
Trading financial liabilities			
derivative financial liabilities			
Notes payable	Seven, 35	1,039,793,149.05	992,587,518.08
accounts payable	Seven, 36	2,231,578,442.61	2,318,408,360.81
advance payment			
contract liabilities	Seven, 38	2,589,994,086.95	2,620,149,203.20
Financial assets sold under repurchase agreements			
Deposits and deposits			
Brokerage for buying and selling securities			
Agency underwriting securities payment			

Payroll payable	Seven, 39	188,508,744.43	380,933,102.72
Taxes payable	Seven, 40	235,493,969.41	178,359,504.87
Other payables	Seven, 41	125,207,878.60	93,507,790.90
Of which: interest payable			
Dividends payable			
Fees and commissions			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	Seven, 43	509,749,308.04	514,185,196.23
Other current liabilities	Seven, 44	483,546,196.23	459,453,500.89
Total current liabilities		7,607,382,191.99	7,663,814,973.08
Non-current liabilities:			
Insurance contract reserve			
Long term loan			
Bonds payable			
Of which: preferred shares			
Perpetual bonds			
lease liability	Seven, 47	18,626,702.28	17,477,346.29
Long-term payables			
Long-term salary payable			
Estimated liabilities	Seven, 50	5,613,505.04	
Deferred income	Seven, 51	72,997,717.64	64,074,039.06
Deferred tax liabilities	Seven, 30	4,008,206.66	1,141,316.52
Other non-current liabilities			
Total non-current liabilities		101,246,131.62	82,692,701.87
Total Liabilities		7,708,628,323.61	7,746,507,674.95
Owner's Equity (or Shareholders' Equity):			
Paid-in capital (or share capital)	Seven, 53	785,924,676.00	499,566,000.00
Other Equity Instruments			
Of which: preferred shares			
Perpetual bonds			
capital reserve	Seven, 55	6,152,924,306.08	2,538,595,263.87
Less: treasury stock			
Other comprehensive income	Seven, 57	14,351,045.58	-564,553.06
Special reserves			
Surplus reserve	Seven, 59	249,783,000.00	249,783,000.00
general risk preparation			
undistributed profit	Seven, 60	2,074,751,542.15	1,970,552,725.02
Total owner's equity (or shareholders' equity) attributable to the parent company		9,277,734,569.81	5,257,932,435.83
minority interests		70,291,524.91	58,182,929.06
Total Owner's Equity (or Shareholders' Equity)		9,348,026,094.72	5,316,115,364.89
Total Liabilities and Owner's Equity (or Shareholders' Equity)		17,056,654,418.33	13,062,623,039.84

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

parent company balance sheet

June 30, 2023

Prepared by: Zhejiang SUPCON Technology Co., Ltd.

Unit: Yuan Currency: RMB

project	notes	June 30 , 2023	December 31 , 2022
Current assets:			
Money funds		4,735,599,941.97	1,233,156,900.30
trading financial assets		1,392,000,000.00	2,273,994,000.00
derivative financial assets			
bill receivable		615,593,157.56	591,008,591.21
accounts receivable	Seventeen, 1	1,752,768,348.96	1,361,886,041.95
Receivables Financing		253,764,142.58	282,147,458.65
Prepayments		121,749,975.79	117,724,208.32
other receivables	Seventeen, 2	678,089,205.45	457,844,622.93
Of which: interest receivable			
dividend receivable			
stock		3,337,721,261.17	3,188,253,663.73
contract assets		392,163,187.40	322,282,141.91
Assets held for sale			
Non-current assets due within one year			
other current assets		59,158.84	400,388,260.31
Total Current Assets		13,279,508,379.72	10,228,685,889.31
Non-current assets:			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investment	Seventeen, 3	1,963,018,875.28	1,248,704,863.74
Investment in other equity instruments		22,916,000.00	12,916,000.00
Other non-current financial assets			
investment property		41,656,262.47	42,644,990.45
fixed assets		139,006,779.93	146,374,007.81
Construction in progress			
productive biological assets			
Oil and gas assets			
right-of-use asset		10,730,865.15	13,920,234.23
intangible assets		49,659,938.03	44,673,712.09
Development expenditure			
Goodwill			
Long-term prepaid expenses		32,747,830.02	26,325,458.53
Deferred tax assets		28,970,862.23	23,659,249.33
Other non-current assets		10,363,074.41	7,328,777.36
Total non-current assets		2,299,070,487.52	1,566,547,293.54

total assets		15,578,578,867.24	11,795,233,182.85
Current liabilities:			
short-term loan		203,510,416.67	103,958,197.20
Trading financial liabilities			
derivative financial liabilities			
Notes payable		756,427,299.29	1,099,210,041.44
accounts payable		1,716,954,965.13	1,513,238,063.11
advance payment			
contract liabilities		2,038,269,163.20	2,154,007,428.56
Payroll payable		120,236,973.08	288,782,508.16
Taxes payable		148,347,688.19	79,187,139.84
Other payables		704,195,559.73	639,005,719.67
Of which: interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		506,137,384.30	509,814,991.52
Other current liabilities		386,987,148.25	379,797,339.21
Total current liabilities		6,581,066,597.84	6,767,001,428.71
Non-current liabilities:			
Long term loan			
Bonds payable			
Of which: preferred shares			
Perpetual bonds			
lease liability		5,276,168.45	5,000,127.65
Long-term payables			
Long-term salary payable			
Estimated liabilities			
Deferred income		63,498,167.25	57,708,745.71
Deferred tax liabilities		781,774.10	852,473.71
Other non-current liabilities			
Total non-current liabilities		69,556,109.80	63,561,347.07
Total Liabilities		6,650,622,707.64	6,830,562,775.78
Owner's Equity (or Shareholders' Equity):			
Paid-in capital (or share capital)		785,924,676.00	499,566,000.00
Other Equity Instruments			
Of which: preferred shares			
Perpetual bonds			
capital reserve		6,184,908,524.51	2,570,579,482.30
Less: treasury stock			
Other comprehensive income		196,258.32	146,122.68
Special reserves			
Surplus reserve		249,783,000.00	249,783,000.00
undistributed profit		1,707,143,700.77	1,644,595,802.09
Total Owner's Equity (or Shareholders' Equity)		8,927,956,159.60	4,964,670,407.07
Total Liabilities and Owner's Equity (or Shareholders' Equity)		15,578,578,867.24	11,795,233,182.85

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

consolidated income statement

January to June 2023

Unit: Yuan Currency: RMB

project	notes	Half-year 2023	Half year 2022
I. Total operating income		3,641,206,964.84	2,666,814,415.61
Of which: operating income	Seven, 61	3,641,206,964.84	2,666,814,415.61
interest income			
earned premium			
Fee and commission income			
2. Total operating cost		3,228,087,937.96	2,440,463,449.34
Of which: Operating costs	Seven, 61	2,458,646,909.42	1,685,239,028.39
interest expense			
Fees and commission expenses			
Surrender			
Net claim payout			
Withdrawal of net insurance liability reserves			
dividend payment policy			
Reinsurance costs			
Taxes and surcharges	Seven, 62	24,075,604.14	19,325,989.37
sales expense	Seven, 63	338,815,835.95	279,247,770.29
Management costs	Seven, 64	203,820,481.80	181,202,624.66
R & D costs	Seven, 65	406,483,538.43	274,288,656.40
Financial expenses	Seven, 66	-203,754,431.78	1,159,380.23
Of which: interest expense		10,459,147.77	2,501,907.03
interest income		17,237,130.42	1,450,008.37
Plus: other income	Seven, 67	136,431,796.09	98,633,197.56
Investment income (losses are listed with "-")	Seven, 68	78,440,160.81	46,210,748.04
Including: investment income from associates and joint ventures		26,318,772.55	-2,481,110.37
Gains from derecognition of financial assets measured at amortized cost (losses are listed with "-")			
Exchange gains (losses are listed with "-")			
Net exposure hedging income (losses are listed with "-")			
Gains from changes in fair value (losses are listed with "-")	Seven, 70	-73,133.14	
Credit impairment losses (losses are listed with "-")	Seven, 71	-29,537,795.57	-4,148,233.72
Asset impairment losses (losses are listed with "-")	Seven, 72	-43,793,107.58	-21,557,330.00
Gains from asset disposal (losses are listed with "-")	Seven, 73	205,539.78	257,335.35
3. Operating profit (losses are listed with "-")		554,792,487.27	345,746,683.50

Add: non-operating income	Seven, 74	1,402,073.87	58,132.05
Less: Non-operating expenses	Seven, 75	1,295,181.20	973,455.64
4. Total profit (total loss is listed with " - ")		554,899,379.94	344,831,359.91
Deduct: income tax expense	Seven, 76	35,037,075.26	24,877,352.16
5. Net profit (net loss is listed with " - ")		519,862,304.68	319,954,007.75
(1) Classification by business continuity			
1. Net profit from continuing operations (net losses are listed with "-")		519,862,304.68	319,954,007.75
2. Net profit from discontinued operations (net losses are listed with "-")			
(2) Classification by Ownership			
1. Net profit attributable to shareholders of the parent company (net loss is listed with "-")		510,711,580.63	313,546,833.30
2. Profit and loss of minority shareholders (net loss is listed with "-")		9,150,724.05	6,407,174.45
6. Net after-tax amount of other comprehensive income	Seven, 57	14,806,661.39	153,551.97
(1) After-tax net amount of other comprehensive income attributable to owners of the parent company	Seven, 57	14,915,598.64	129,925.06
1. 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			
2. Other comprehensive income to be reclassified into profit or loss	Seven, 57	14,915,598.64	129,925.06
(1) Other comprehensive income that can be transferred to profit or loss under the equity method	Seven, 57	50,135.64	
(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	Seven, 57	14,865,463.00	129,925.06
(7) Others			
(2) Net after-tax amount of other comprehensive income attributable to	Seven, 57	-108,937.25	23,626.91

minority shareholders			
7. Total comprehensive income		534,668,966.07	320,107,559.72
(1) Total comprehensive income attributable to owners of the parent company		525,627,179.27	313,676,758.36
(2) Total comprehensive income attributable to minority shareholders		9,041,786.80	6,430,801.36
8. Earnings per share:			
(1) Basic earnings per share (yuan/share)		0.67	0.44
(2) Diluted earnings per share (yuan/share)		0.67	0.43

In case of business merger under the same control in the current period, the net profit realized by the merged party before the merger is: 0.00 yuan, and the net profit realized by the merged party in the previous period is: 0.00 yuan.
Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

Parent company income statement

January to June 2023

Unit: Yuan Currency: RMB

project	notes	Half-year 2023	Half year 2022
I. Operating income	Seventeen, 4	2,769,455,813.00	2,249,495,141.15
Less: operating costs	Seventeen, 4	1,825,001,257.04	1,423,786,609.87
Taxes and surcharges		16,525,828.31	14,379,191.75
sales expense		264,842,990.71	212,012,684.65
Management costs		148,917,302.15	145,851,134.69
R & D costs		360,149,443.48	236,483,869.82
Financial expenses		-194,631,161.37	3,701,379.38
Of which: interest expense		16,511,771.28	6,775,873.29
interest income		17,495,169.16	1,737,921.51
Plus: other income		110,971,598.84	84,110,301.00
Investment income (losses are listed with "-")	Seventeen, 5	78,184,408.06	49,681,746.18
Including: investment income from associates and joint ventures		27,557,075.86	-1,264,225.13
Gains from derecognition of financial assets measured at amortized cost (losses are listed with "-")			
Net exposure hedging income (losses are listed with "-")			
Gains from changes in fair value (losses are listed with "-")			
Credit impairment losses (losses are listed with "-")		-8,153,330.95	-4,457,006.35
Asset impairment losses (losses are listed with "-")		-42,811,664.32	-13,112,225.35
Gains from asset disposal (losses are listed with "-")		203,914.78	167,672.78
2. Operating profit (losses are listed with "-")		487,045,079.09	329,670,759.25
Add: non-operating income		1,394,191.31	53,926.46

Less: Non-operating expenses		1,187,152.94	861,718.78
3. Total profit (total loss is listed with "-")		487,252,117.46	328,862,966.93
Deduct: income tax expense		18,191,455.28	18,722,959.82
4. Net profit (net loss is listed with "-")		469,060,662.18	310,140,007.11
(1) Net profit from continuing operations (net losses are listed with "-")		469,060,662.18	310,140,007.11
(2) Net profit from discontinued operations (net losses are listed with "-")			
V. Net after-tax amount of other comprehensive income		50,135.64	
(1) 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			
(2) Other comprehensive income that will be reclassified into profit or loss		50,135.64	
1. Other comprehensive income that can be transferred to profit or loss under the equity method		50,135.64	
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			
6. Total comprehensive income		469,110,797.82	310,140,007.11
7. Earnings per share:			
(1) Basic earnings per share (yuan/share)			
(2) Diluted earnings per share (yuan/share)			

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

Consolidated Statement of Cash Flows

January to June 2023

Unit : Yuan Currency : RMB

project	notes	Half-year 2023	Half year 2022
1. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		2,547,112,173.06	1,907,479,335.37
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 repurchase business funds			
Net cash received by agents for buying and selling securities			
Tax Refund		91,379,591.93	67,912,587.10
Cash received from other operating activities	Seven, 78	191,767,436.79	122,386,950.84
Subtotal of cash inflow from operating activities		2,830,259,201.78	2,097,778,873.31
Cash paid for goods purchased and services received		2,158,966,067.52	1,362,896,487.67
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		1,074,013,351.00	853,333,061.28
taxes paid		237,991,121.67	169,379,172.37
Other cash payments related to operating activities	Seven, 78	342,697,890.72	270,914,287.81
Subtotal of cash outflow from operating activities		3,813,668,430.91	2,656,523,009.13
Net cash flow from operating activities	Seven, 79	-983,409,229.13	-558,744,135.82

2. Cash flow from investing activities:			
Return of cash received on investment		1,953,321.98	
Cash received from investment income		51,967,182.20	48,691,858.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,625.00	213,521.41
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities	Seven, 78	2,901,500,000.00	4,381,979,749.32
Subtotal of cash inflows from investing activities		2,955,422,129.18	4,430,885,129.14
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		67,112,487.83	64,073,267.93
Cash Investment		154,740,506.00	577,666,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units		103,485,560.18	
Other cash paid relating to investing activities	Seven, 78	1,669,500,000.00	3,711,980,000.12
Subtotal of cash outflows from investing activities		1,994,838,554.01	4,353,719,268.05
Net cash flows from investing activities		960,583,575.17	77,165,861.09
3. Cash flow from financing activities:			
Cash received from absorption of investments		3,870,451,378.37	1,535,300.00
Including: cash received by subsidiaries from investment from minority shareholders		3,066,809.05	1,498,500.00
Get cash received from borrowing		101,000,000.00	501,000,000.00
Cash received in connection with other financing activities			
Subtotal of cash inflows from financing activities		3,971,451,378.37	502,535,300.00
cash paid to service debt		82,498,087.51	1,000,000.00
Cash paid for distribution of dividends, profits, or interest payments		402,592,547.18	181,170,381.15
Dividends and profits paid by subsidiaries to minority shareholders			
Other cash payments related to financing activities	Seven, 78	15,376,489.25	34,745,737.85
Subtotal of cash outflows from financing activities		500,467,123.94	216,916,119.00
Net cash flow from		3,470,984,254.43	285,619,181.00

financing activities			
4. Impact of exchange rate changes on cash and cash equivalents		213,885,014.35	2,778,120.82
V. Net increase in cash and cash equivalents		3,662,043,614.82	-193,180,972.91
Add: Opening balance of cash and cash equivalents		1,331,224,824.52	1,367,175,277.48
6. Balance of cash and cash equivalents at the end of the period	Seven, 79	4,993,268,439.34	1,173,994,304.57

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

Parent company cash flow statement

January to June 2023

Unit: Yuan Currency: RMB

project	notes	Half-year 2023	Half year 2022
1. Cash flow from operating activities:			
Cash received from sales of goods and rendering of services		1,850,838,840.31	1,447,312,282.89
Tax Refund		82,559,714.40	65,225,360.23
Cash received from other operating activities		120,182,350.82	116,091,314.25
Subtotal of cash inflow from operating activities		2,053,580,905.53	1,628,628,957.37
Cash paid for goods purchased and services received		1,722,689,892.30	940,824,286.34
Cash paid to and for employees		813,135,210.19	647,465,009.91
taxes paid		155,069,896.18	133,474,273.93
Other cash payments related to operating activities		309,839,988.76	212,108,837.85
Subtotal of cash outflow from operating activities		3,000,734,987.43	1,933,872,408.03
Net cash flow from operating activities		-947,154,081.90	-305,243,450.66
2. Cash flow from investing activities:			
Return of cash received on investment			
Cash received from investment income		50,627,332.20	50,945,971.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			116,000.00
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		2,812,000,000.00	4,381,980,000.12
Subtotal of cash inflows		2,862,627,332.20	4,433,041,971.43

from investing activities			
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		22,943,495.74	28,659,948.29
Cash Investment		692,424,804.84	605,827,660.00
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid relating to investing activities		1,530,000,000.00	3,711,980,000.12
Subtotal of cash outflows from investing activities		2,245,368,300.58	4,346,467,608.41
Net cash flows from investing activities		617,259,031.62	86,574,363.02
3. Cash flow from financing activities:			
Cash received from absorption of investments		3,867,384,569.32	36,800.00
Get cash received from borrowing		101,000,000.00	501,000,000.00
Cash received in connection with other financing activities		1,153,881,227.73	417,965,406.01
Subtotal of cash inflows from financing activities		5,122,265,797.05	919,002,206.01
cash paid to service debt		1,000,000.00	1,000,000.00
Cash paid for distribution of dividends, profits, or interest payments		401,474,853.73	181,170,381.15
Other cash payments related to financing activities		1,058,487,864.60	1,128,230,936.69
Subtotal of cash outflows from financing activities		1,460,962,718.33	1,310,401,317.84
Net cash flow from financing activities		3,661,303,078.72	-391,399,111.83
4. Impact of exchange rate changes on cash and cash equivalents		190,857,288.03	1,342,258.00
V. Net increase in cash and cash equivalents		3,522,265,316.47	-608,725,941.47
Add: Opening balance of cash and cash equivalents		1,187,779,845.09	1,300,220,218.53
6. Balance of cash and cash equivalents at the end of the period		4,710,045,161.56	691,494,277.06

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

Consolidated Statement of Changes in Owner's Equity

January to June 2023

Unit: Yuan Currency: RMB

project	Half-year 2023														
	Equity attributable to equity holders													minority interests	Total owner's equity
	Paid-in capital (or share capital)	Other Equity Instruments			capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	general risk preparation	undistributed profit	other	Subtotal		
		preferred stock	Perpetual bonds	other											
1. The balance at the end of the previous year	499,566,000.00				2,538,595,263.87		-564,553.06		249,783,000.00		1,970,552,725.02		5,257,932,435.83	58,182,929.06	5,316,115,364.89
Add: Changes in accounting policies															
Early error correction															
Business combination under common control															
other															
2. Balance at the beginning of the year	499,566,000.00				2,538,595,263.87		-564,553.06		249,783,000.00		1,970,552,725.02		5,257,932,435.83	58,182,929.06	5,316,115,364.89
3. The amount of increase or decrease in the current period (decrease is filled in with "-")	286,358,676.00				3,614,329,042.21		14,915,598.64				104,198,817.13		4,019,802,133.98	12,108,595.85	4,031,910,729.83
(1) Total comprehensive income							14,865,463.00				510,711,580.63		525,577,043.63	9,041,786.80	534,618,830.43

(2) Owner input and reduction of capital	42,451,018.00				3,853,954,705.01								3,896,405,723.01	3,066,809.05	3,899,472,532.06
1. Common stock invested by owners	42,451,018.00				3,813,093,461.87								3,855,544,479.87	3,066,809.05	3,858,611,288.92
2. Other equity instrument holders contribute capital															
3 . The amount of share payment included in owner's equity					40,861,243.14								40,861,243.14		40,861,243.14
4 . other															
(3) Profit distribution											-406,512,763.50		-406,512,763.50		-406,512,763.50
1. Withdrawal of surplus reserve															
2. Withdraw general risk reserve															
3. Distribution to Owners (or Shareholders)											-406,512,763.50		-406,512,763.50		-406,512,763.50
4. other															
(4) Internal transfer of owner's equity	243,907,658.00				-243,907,658.00										
1. Converting capital reserves into capital (or share capital)	243,907,658.00				-243,907,658.00										
2. Turn surplus reserve into capital (or															

share capital)															
3. Surplus reserves make up losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															
6. other															
(5) Special reserve															
1. Withdrawal in this period															
2. Use this issue															
(6) Others					4,281,995.20		50,135.64						4,332,130.84		4,332,130.8
4. Balance at the end of the period	785,924,676.00				6,152,924,306.08		14,351,045.58		249,783,000.00		2,074,751,542.15		9,277,734,569.81	70,291,524.91	9,348,026,094.7

project	Half year 2022														
	Equity attributable to equity holders													minority interests	Total owner' equity
	Paid-in capital (or share capital)	Other Equity Instruments			capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	general risk preparation	undistributed profit	other	Subtotal		
		preferred stock	Perpetual bonds	other											
1. The balance at the end of the previous year	496,819,865.00				2,427,269,564.09		-293,931.37		247,042,000.00		1,354,220,821.47		4,525,058,319.19	55,938,593.92	4,580,996,9

Add: Changes in accounting policies															
Early error correction															
Business combination under common control															
other															
2. Balance at the beginning of the year	496,819,865.00				2,427,269,564.09		-293,931.37		247,042,000.00		1,354,220,821.47		4,525,058,319.19	55,938,593.92	4,580,996,9
3. The amount of increase or decrease in the current period (decrease is filled in with "-")	3,135.00				35,874,511.94		129,925.06				134,690,553.30		170,698,125.30	-2,760,603.93	167,937,52
(1) Total comprehensive income							129,925.06				313,546,833.30		313,676,758.36	6,430,801.36	320,107,55
(2) Owner input and reduction of capital	3,135.00				35,874,511.94								35,877,646.94	-9,191,405.29	26,686,24
1. Common stock invested by owners	3,135.00				33,665.00								36,800.00	1,498,500.00	1,535,30
2. Other equity instrument holders contribute capital															
3 . The amount of share payment included in owner's equity					50,776,441.65								50,776,441.65		50,776,44

4 . other					-14,935,594.71								-14,935,594.71	-10,689,905.29	-25,625,50
(3) Profit distribution											-178,856,280.00		-178,856,280.00		-178,856,28
1. Withdrawal of surplus reserve															
2. Withdraw general risk reserve															
3. Distribution to Owners (or Shareholders)											-178,856,280.00		-178,856,280.00		-178,856,28
4. other															
(4) Internal transfer of owner's equity															
1. Converting capital reserves into capital (or share capital)															
2. Turn surplus reserve into capital (or share capital)															
3. Surplus reserves make up losses															
4. Changes in defined benefit plans carried forward to retained earnings															
5. Other comprehensive income carried forward to retained earnings															

6. other															
(5) Special reserve															
1. Withdrawal in this period															
2. Use this issue															
(6) Others															
4. Balance at the end of the period	496,823,000.00				2,463,144,076.03		-164,006.31		247,042,000.00		1,488,911,374.77		4,695,756,444.49	53,177,989.99	4,748,934,43

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

Statement of Changes in Owner's Equity of the Parent Company

January to June 2023

Unit: Yuan Currency: RMB

project	Half-year 2023										
	Paid-in capital (or share capital)	Other Equity Instruments			capital reserve	Less : treasury stock	Other comprehensive income	Special reserves	Surplus reserve	undistributed profit	Total owner's equity
		preferred stock	Perpetual bonds	other							
1. The balance at the end of the previous year	499,566,000.00				2,570,579,482.30		146,122.68		249,783,000.00	1,644,595,802.09	4,964,670,407.07
Add: Changes in accounting policies											
Early error correction											
other											
2. Balance at the beginning of the year	499,566,000.00				2,570,579,482.30		146,122.68		249,783,000.00	1,644,595,802.09	4,964,670,407.07
3. The amount of increase or decrease in the current period (decrease is filled in with "-")	286,358,676.00				3,614,329,042.21		50,135.64			62,547,898.68	3,963,285,752.53
(1) Total comprehensive income										469,060,662.18	469,060,662.18
(2) Owner input and reduction	42,451,018.00				3,853,954,705.01						3,896,405,723.01

of capital											
1. Common stock invested by owners	42,451,018.00				3,813,093,461.87						3,855,544,479.87
2. Other equity instrument holders contribute capital											
3 . The amount of share payment included in owner's equity					40,861,243.14						40,861,243.14
4 . other											
(3) Profit distribution										-406,512,763.50	-406,512,763.50
1. Withdrawal of surplus reserve											
2 . Distribution to Owners (or Shareholders)										-406,512,763.50	-406,512,763.50
3 . other											
(4) Internal transfer of owner's equity	243,907,658.00				-243,907,658.00						
1. Converting capital reserves into capital (or share capital)	243,907,658.00				-243,907,658.00						
2. Turn surplus reserve into capital (or share capital)											
3. Surplus reserves make up losses											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. other											
(5) Special reserve											
1. Withdrawal in this period											
2. Use this issue											
(6) Others					4,281,995.20		50,135.64				4,332,130.84
4. Balance at the end of the period	785,924,676.00				6,184,908,524.51		196,258.32		249,783,000.00	1,707,143,700.77	8,927,956,159.60

project	Half year 2022

	Paid-in capital (or share capital)	Other Equity Instruments			capital reserve	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserve	undistributed profit	Total owner's equity
		preferred stock	Perpetual bonds	other							
1. The balance at the end of the previous year	496,819,865.00				2,444,736,115.69				247,042,000.00	1,123,938,776.52	4,312,536,757.21
Add: Changes in accounting policies											
Early error correction											
other											
2. Balance at the beginning of the year	496,819,865.00				2,444,736,115.69				247,042,000.00	1,123,938,776.52	4,312,536,757.21
3. The amount of increase or decrease in the current period (decrease is filled in with "-")	3,135.00				50,810,106.65					131,283,727.11	182,096,968.76
(1) Total comprehensive income										310,140,007.11	310,140,007.11
(2) Owner input and reduction of capital	3,135.00				50,810,106.65						50,813,241.65
1. Common stock invested by owners	3,135.00				33,665.00						36,800.00
2. Other equity instrument holders contribute capital											
3 . The amount of share payment included in owner's equity					50,776,441.65						50,776,441.65
4 . other											
(3) Profit distribution										-178,856,280.00	-178,856,280.00
1. Withdrawal of surplus reserve											
2 . Distribution to Owners (or Shareholders)										-178,856,280.00	-178,856,280.00
3 . other											
(4) Internal transfer of owner's equity											

1. Converting capital reserves into capital (or share capital)											
2. Turn surplus reserve into capital (or share capital)											
3. Surplus reserves make up losses											
4. Changes in defined benefit plans carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. other											
(5) Special reserve											
1. Withdrawal in this period											
2. Use this issue											
(6) Others											
4. Balance at the end of the period	496,823,000.00				2,495,546,222.34				247,042,000.00	1,255,222,503.63	4,494,633,725.97

Person in charge of the company : CUI SHAN Person in charge of accounting work : Fang Yongsheng Person in charge of the accounting department : Mao Feibo

III. Basic information of the company

(1) Company Overview

√ Applicable □not applicable

Zhejiang Supcon Technology Co., Ltd. (hereinafter referred to as the company or the company), the predecessor of Zhejiang Supcon Technology Co., Ltd., was registered with Zhejiang Administration for Industry and Commerce on December 7, 1999, and its headquarter is located in Hangzhou, Zhejiang Province. The company currently holds a business license with a unified social credit code of 91330000720082446H, with a registered capital of RMB 785,924,700 at the end of the period and a total of 785,924,700 shares (par value of RMB 1 per share). The company's stock has been listed on the Shanghai Stock Exchange on November 24, 2020.

The company's control system devices and instruments belong to the instrument manufacturing industry, and the control system embedded software and industrial software belong to the software and information technology service industry. The main business activities are the development, production, sales and technical services of automation master control equipment, field bus control system and instruments; automation engineering and network engineering project integration and technical consultation; development and application research of advanced control and optimization technology; computer, Development, production, sales and maintenance of electronic equipment and application software; sales and technical services of safety instrumented systems. The products and services provided mainly include: providing industrial automation and intelligent manufacturing solutions, instrumentation, industrial software, operation and maintenance services and S2B platform business, etc.

This financial statement has been approved for publication at the twenty-second meeting of the fifth session of the board of directors on August 23, 2023 .

(2) Scope of consolidated financial statements

√ Applicable □not applicable

included 45 subsidiaries including Zhejiang Supcon System Engineering Co., Ltd., Zhejiang Supcon Automation Instrument Co., Ltd., Zhejiang Supcon Fluid Technology Co., Ltd., Zhejiang Supcon Xizi Technology Co., Ltd., and Zhejiang Gongziyi Network Co., Ltd. For the scope of the consolidated financial statements, please refer to the notes to the financial statements "VIII. Changes in the scope of consolidation" and "IX. Interests in other entities".

IV. Basis of Preparation of Financial Statements

(1) Compilation basis

The company's financial statements are prepared on the basis of continuous operation.

(2) Continue to operate

√ Applicable □not applicable

The company has no events or circumstances that cause major doubts about its ability to continue operating within 12 months from the end of the reporting period.

V. Significant accounting policies and accounting estimates

Tips for specific accounting policies and accounting estimates:

√ Applicable □not applicable

Important note: The company has formulated specific accounting policies and accounting estimates for transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, and revenue recognition based on actual production and operation characteristics.

(1) Statement of Compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the company's financial status, operating results, changes in shareholders' equity and cash flow and other relevant information.

(2) Accounting period

The company's fiscal year is from January 1 to December 31 according to the Gregorian calendar.
The accounting period of this financial statement is from January 1, 2023 to June 30, 2023.

(3) business cycle

√ Applicable □not applicable

The operating cycle of the company's business is short, and 12 months is used as the liquidity division standard for assets and liabilities.

(4) **Bookkeeping** currency

The company and its domestic subsidiaries adopt RMB as the functional currency for bookkeeping. SUPINCO AUTOMATION PRIVATE LIMITED, SUPCON INTERNATIONAL HOLDING PTE. LTD., SUPCON TECHNOLOGY (SINGAPORE) PTE. LTD., SUPCON SAUDI CO., LTD., SUPCON TECHNOLOGY (MALAYSIA) SDN. BHD., PT. SUPCON TECHNOLOGY INDONESIA, SUPCON HOLDING (THAILAND) CO., LTD., SUPCON TECHNOLOGY PAKISTAN (PRIVATE) LIMITED , "SUPCON" LIMITED LIABILITY COMPANY , Hobré International BV , Hobré Instruments BV , Hobré Laser Tech nology Kft 、 Overseas subsidiaries such as Hobré USA Inc. , SUPCON JAPAN CO., LTD. engage in overseas operations, and choose the currency in the main economic environment in which they operate as the functional currency for bookkeeping.

(5) Accounting treatment methods for business combinations under the same control and not under the same control

√ Applicable □not applicable

1. Accounting treatment method for business combination under common control

The assets and liabilities acquired by the company in the business combination shall be measured according to the book value of the merged party in the consolidated financial statements of the ultimate controlling party on the date of combination. The company adjusts the capital reserve according to the difference between the book value share of the merged party's owner's equity in the final controlling party's consolidated financial statements and the book value of the merger consideration paid or the total face value of the shares issued; income.

2. Accounting treatment method for business combination not under common control

On the date of purchase, the company recognizes the difference between the merger cost and the fair value share of the identifiable net assets of the acquiree acquired in the merger as goodwill; if the merger cost is less than the fair value share of the identifiable net assets of the acquiree acquired in the merger, first Review the measurement of the acquired party's identifiable assets, liabilities and contingent liabilities and the measurement of the merger cost. After the review, the merger cost is still less than the share of the fair value of the purchased party's identifiable net assets obtained in the merger. , and the difference is included in the current profit and loss.

(6) Preparation of Consolidated Financial Statements

√ Applicable ☐not applicable

The parent company brings all subsidiaries controlled by it into the consolidation scope of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries, and other relevant materials, and are prepared by the parent company in accordance with "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements".

(7) Classification of joint arrangements and accounting treatment of joint operations

☐Applicable √ not applicable

(8) Determination criteria for cash and cash equivalents

The cash presented in the cash flow statement refers to cash on hand and deposits that can be used for payment at any time. Cash equivalents refer to short-term, highly liquid investments held by the enterprise that are easily convertible into known amounts of cash and that have little risk of value change.

(9) Foreign currency business and translation of foreign currency statements

√ Applicable ☐not applicable

1. Foreign currency business conversion

When foreign currency transactions are initially confirmed, the spot exchange rate on the date of the transaction is used to convert the amount into RMB. On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and the exchange difference due to different exchange rates, except for the exchange difference of the principal and interest of foreign currency special loans related to the purchase and construction of assets eligible for capitalization , included in the current profit and loss; foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the transaction date, and the RMB amount is not changed; foreign currency non-monetary items measured at fair value are converted at the fair value determination date The spot exchange rate is converted, and the difference is included in the current profit and loss or other comprehensive income.

2. Translation of foreign currency financial statements

The asset and liability items in the balance sheet are converted at the spot exchange rate on the balance sheet date; the owner’s equity items are converted at the spot exchange rate on the transaction date except for the "undistributed profit" item; Income and expense items are converted at the approximate exchange rate of the spot exchange rate on the transaction date. The translation difference of foreign currency financial statements arising from the above translation shall be included in other comprehensive income.

(10) Financial tool

√ Applicable □not applicable

1. Classification of financial assets and financial liabilities

Financial assets are divided into the following three categories at initial recognition: (1) Financial assets measured at amortized cost; (2) Financial assets measured at fair value through other comprehensive income; (3) Financial assets measured at fair value Financial assets whose changes are included in the current profit and loss.

Financial liabilities are divided into the following four categories at the time of initial recognition: (1) Financial liabilities measured at fair value through profit or loss; (2) Financial assets transferred that do not meet the conditions for derecognition or continue to be involved 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 loaned at interest rates below the market; (4) Financial liabilities measured at amortized cost financial liabilities.

2. Recognition basis, measurement method and derecognition conditions of financial assets and financial liabilities

(1) Recognition basis and initial measurement method of financial assets and financial liabilities

When a company becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability. When financial assets or financial liabilities are initially recognized, they are measured at fair value; for financial assets and financial liabilities that are measured at fair value and whose changes are included in current profit or loss, relevant transaction costs are directly included in current profit or loss; for other types of financial assets or financial liabilities Liabilities and related transaction costs are included in the initially recognized amount. However, if the company's initially recognized accounts receivable do not include a significant financing component or the company does not consider the financing component in a contract that is less than one year old, the initial transaction price shall be calculated according to the transaction price defined in the "Accounting Standards for Business Enterprises No. 14 - Revenue". measure.

(2) Subsequent measurement method of financial assets

1) Financial assets measured at amortized cost

Subsequent measurement is carried out at amortized cost using the actual interest rate method. Gains or losses arising from financial assets measured at amortized cost and not part of any hedging relationship are included in current profit or loss when they are derecognized, reclassified, amortized in accordance with the effective interest rate method or recognized for impairment.

2) Debt instrument investments measured at fair value and whose changes are included in other comprehensive income

Subsequent measurement is carried out using fair value. Interest, impairment losses or gains and exchange gains and losses calculated using the effective interest rate method are included in current profit and loss, and other gains or losses are included in other comprehensive income. When derecognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in current profit and loss.

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

Subsequent measurement is carried out using fair value. Dividends received (except those that are part of the recovery of investment costs) are included in the current profit and loss, and other gains or losses are included in other comprehensive income. When derecognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

4) Financial assets at fair value through profit or loss

Subsequent measurement is carried out using fair value, and the resulting gains or losses (including interest and dividend income) are included in current profit and loss, unless the financial asset is part of a hedging relationship.

(3) Subsequent measurement method of financial liabilities

1) Financial liabilities at fair value through profit or loss

Such financial liabilities include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value and whose changes are included in current profit and loss. Such financial liabilities are subsequently measured at fair value. The amount of changes in the fair value of financial liabilities designated at fair value through profit or loss due to changes in the company's own credit risk is included in other comprehensive income, unless the treatment will cause or expand an accounting mismatch in profit or loss. Other gains or losses arising from such financial liabilities (including interest expenses, excluding changes in fair value due to changes in the company's own credit risk) are included in current profit and loss, unless the financial liabilities are part of a hedging relationship. When derecognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

2) The transfer of financial assets does not meet the conditions for derecognition or continues to be involved in the financial liabilities formed by the transferred financial assets

in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 23 - Transfer 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 that lend at a rate lower than the market rate

After the initial recognition, follow-up measurement shall be carried out according to the higher of the following two amounts: ①The amount of loss provision determined in accordance with the provisions on impairment of financial instruments; The balance after the accumulated amortization amount determined by relevant regulations.

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 and not part of any hedging relationship are included in current profit or loss when they are derecognized and amortized in accordance with the effective interest rate method.

(4) Derecognition of financial assets and financial liabilities

1) When one of the following conditions is met, financial assets are derecognized:

① The contractual right to receive the cash flow of the financial asset has terminated;

②The financial assets have been transferred, and the transfer meets the provisions of the "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets" on the derecognition of financial assets.

2) When the current obligation of the financial liability (or part thereof) has been discharged, the financial liability (or part of the financial liability) shall be derecognized accordingly.

3. Recognition basis and measurement method for transfer of financial assets

If the company transfers almost all the risks and rewards of ownership of financial assets, it shall derecognize the financial assets, and separately recognize the rights and obligations arising or retained during the transfer as assets or liabilities; retain almost all the risks and rewards of ownership of financial assets. For remuneration, continue to recognize the transferred financial assets. If the company neither transfers nor retains almost all the risks and rewards of ownership of the financial asset, it shall be dealt with in the following situations: (1) If it does not retain control over the financial asset, the financial asset shall be derecognized, and the assets generated or retained during the transfer shall be derecognized The rights and obligations are separately recognized as assets or liabilities; (2) If the control over the financial asset is retained, the relevant financial asset is recognized according to the degree of continued involvement in the transferred financial asset, and the relevant liability is recognized accordingly.

If the overall transfer of financial assets meets the derecognition conditions, the difference between the following two amounts shall be included in the current profit and loss: (1) The book value of the transferred financial assets on the derecognition date; (2) The consideration received for the transfer of financial assets, The sum of the amount corresponding to the derecognition part of the accumulative amount of changes in fair value that was originally included in other comprehensive income (the financial asset involved in the transfer is a debt instrument investment that is measured at fair value and whose changes are included in other comprehensive income). If part of the financial asset is transferred, and the transferred part as a whole satisfies the conditions for derecognition, the book value of the entire financial asset before the transfer is apportioned between the derecognition part and the continuation part according to their respective relative fair values on the transfer date. , and include the difference between the following two amounts into the current profit and loss: (1) the book value of the derecognition part ; The sum of the recognized part (the financial assets involved in the transfer are debt instrument investments measured at fair value and whose changes are included in other comprehensive income).

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

The company determines the fair value of relevant financial assets and financial liabilities using valuation techniques that are applicable in the current situation and supported by sufficient available data and other information. The company divides the input values used by valuation techniques into the following levels and uses them in order:

(1) The first-level input value is the unadjusted quoted price of the same asset or liability that can be obtained on the measurement date in an active market;

(2) The second-level input values are directly or indirectly observable input values of related assets or liabilities other than the first-level input values, including: quotations of similar assets or liabilities in active markets; Quotations for liabilities; other observable input values other than quotations, such as observable interest rates and yield curves during normal quotation intervals; market-verified input values, etc.;

(3) The third-level input value is the unobservable input value of relevant assets or liabilities, including interest rate, stock volatility, future cash flow of disposal obligation undertaken in business combination, which cannot be directly observed or verified by observable market data, Financial projections using own data, etc.

5. Impairment of financial instruments

(1) Financial instrument impairment measurement and accounting treatment

Based on expected credit losses, the company classifies financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, contract assets, lease receivables, and classified as measured at fair value and

Loan commitments other than financial liabilities whose changes are included in current profit or loss, financial liabilities that are not measured at fair value and whose changes are included in current profit or loss, or financial asset transfers that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets Financial guarantee contracts formed for financial liabilities are depreciated and loss reserves are recognized.

Expected credit loss refers to the weighted average of credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be received by the company discounted at the original effective interest rate, that is, the present value of all cash shortfalls. Among them, for the financial assets that have been credit-impaired purchased or originated by the company, the actual interest rate adjusted by the credit of the financial assets is discounted.

For purchased or originated financial assets that have suffered credit impairment, on the balance sheet date, the company only recognizes the cumulative changes in expected credit losses throughout the duration of the initial recognition as a loss provision.

For the receivables and contract assets formed by the transactions regulated by "Accounting Standards for Business Enterprises No. 14 - Revenue" and do not contain significant financing components or the company does not consider the financing components in contracts not exceeding one year, the company applies simplified The measurement method is to measure the loss provision according to the expected credit loss amount equivalent to the entire duration.

For financial assets other than the above measurement methods, the company assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the company shall measure the loss provision according to the amount of expected credit loss during the entire duration; if the credit risk has not increased significantly since the initial recognition, the company shall measure the loss provision according to the expected The amount of credit losses is measured as a loss allowance.

The company uses reasonable and evidence-based information available, including forward-looking information, to determine the credit risk of financial instruments by comparing the risk of default on the balance sheet date with the risk of default on the date of initial recognition. has increased significantly since then.

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

The company evaluates the expected credit risk and measures the expected credit loss based on a single financial instrument or a combination of financial instruments. When based on a combination of financial instruments, the company divides financial instruments into different combinations based on common risk characteristics.

The company remeasures the expected credit loss on each balance sheet date, and the resulting increase or reversal of the loss provision is included in the current profit and loss as an impairment loss or gain. For financial assets measured at amortized cost, the loss provision is offset against the book value of the financial asset listed in the balance sheet; for debt investments measured at fair value and whose changes are included in other comprehensive income, the company’s other comprehensive income The loss provision is recognized in the financial asset, and the book value of the financial asset is not offset.

(2) Financial instruments for assessing expected credit risk and measuring expected credit loss by combination

project	The basis for determining the combination	Methodology for Measuring Expected Credit Losses
Other receivables - related current combination within the scope of consolidation	customer type	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration
Other receivables - other portfolios	Other dealing units other than related transactions within the scope of consolidation mentioned above	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile the comparison table of the aging of other receivables and the expected credit loss rate, and calculate the expected credit loss

(3) Receivables with expected credit losses measured in combination

1) Specific combination and method of measuring expected credit losses

project	The basis for determining the combination	Methodology for Measuring Expected Credit Losses
Notes receivable - banker's acceptance	acceptor	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, calculate the expected credit loss rate of the entire duration, and calculate the expected credit loss
Accounts receivable - related current combination within the scope of consolidation	customer type	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, and calculate the expected credit loss through the default risk exposure and the expected credit loss rate of the entire duration
Contract assets - associated transactions within the scope of consolidation		
Notes Receivable - Commercial Acceptance Bill	Aging Portfolio	Refer to the historical credit loss experience, combine the current situation and the forecast of the future economic situation, compile the comparison table of the aging and the expected credit loss rate of the entire duration, and calculate the expected credit loss
Accounts Receivable - Portfolio of Credit Risk Characteristics		
Contract Assets - Portfolio of Credit Risk Characteristics		

2) Accounts receivable - a comparison table of the aging of the aging portfolio and the expected credit loss rate of the entire duration

Aging	Accounts receivable expected credit loss rate (%)	Notes receivable-commercial acceptance bill expected credit loss	Expected credit loss rate of contract assets (%)

		rate (%)	
Within 1 year (inclusive, the same below)	5	5	5
1-2 years	10	10	10
2-3 years	30	30	30
3-4 years	60	60	60
over 4 years	100	100	100

6. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet and are not offset against each other. However, if the following conditions are met at the same time, the company will list the net amount after offsetting each other in the balance sheet: (1) The company has the legal right to offset the recognized amount, and this legal right is currently enforceable; 2) The company plans to settle on a net basis, or realize the financial asset and pay off the financial liability at the same time.

For the transfer of financial assets that do not meet the conditions for derecognition, the company will not offset the transferred financial assets and related liabilities.

(11) bill receivable

Determination method and accounting treatment method of expected credit loss of notes receivable

√ Applicable ☐not applicable

For the general model of expected credit loss adopted by the Company for bills receivable, see Note V. 10. Financial Instruments for details.

(12) accounts receivable

Determination method and accounting treatment method of expected credit loss of accounts receivable

√ Applicable ☐not applicable

For the general model of expected credit loss adopted by the Company for accounts receivable, see Note V. 10. Financial Instruments for details.

(13) Receivables Financing

√ Applicable ☐not applicable

When notes receivable and accounts receivable meet the following conditions at the same time, the company classifies them as financial assets measured at fair value and whose changes are included in other comprehensive income:

(1) The contractual cash flow is the support for the principal and the interest based on the outstanding principal amount;

(2) The company's business model for managing notes receivable and accounts receivable is aimed at both collecting contractual cash flow and selling.

(14) other receivables

and accounting treatment method of expected credit loss of other receivables

√ Applicable ☐not applicable

For the general model of expected credit loss adopted by the Company for accounts receivable, see Note

V. 10. Financial Instruments for details.

(15) stock

√ Applicable □not applicable

1. Classification of Inventory

Inventories include finished products or commodities held for sale in daily activities, products in the process of production, materials and materials consumed in the process of production or rendering of labor services, etc.

2. Valuation method of dispatched inventory

The inventories delivered are weighted average at the end of each month.

3. The basis for determining the net realizable value of inventories

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and inventory depreciation reserves are made based on the difference between the cost of a single inventory and the net realizable value. For inventories that are directly used for sale, the net realizable value is determined by the estimated selling price of the inventory minus the estimated sales expenses and related taxes during the normal production and operation process; The net realizable value of the finished product is determined by the estimated selling price of the finished product minus the estimated cost to be incurred at the time of completion, estimated sales expenses and related taxes; on the balance sheet date, part of the same inventory has If the contract price is agreed and there is no contract price for other parts, the net realizable value shall be determined separately, and compared with the corresponding cost, to determine the accrued or reversed amount of the inventory depreciation reserve.

4. Inventory system

The inventory system of inventories is perpetual inventory system.

5. Amortization method of low-value consumables and packaging

(1) Low-value consumables

Amortized according to one-off write-off method.

(2) Packaging

Amortized according to one-off write-off method.

(16) contract assets

(1). Confirmation method and standard of contract assets

√ Applicable □not applicable

Companies present contract assets or contract liabilities on their balance sheets, depending on the relationship between fulfillment of performance obligations and payment by customers. The company offsets the contract assets and contract liabilities under the same contract and presents them as a net amount. The company presents as receivables an unconditional (i.e., dependent only on the passage of time) right to receive consideration from the customer, and a right to receive consideration for goods transferred to the customer (the right is dependent on the passage of time) other factors) are presented as contract assets.

The company presents the obligation to transfer goods to customers that has received or receivable consideration from customers as contract liabilities.

(2). Determination method and accounting treatment method of expected credit loss of contract assets

√ Applicable □not applicable

For the general model of expected credit loss adopted by the Company for contract assets, see Note V. 10. Financial Instruments for details.

(17) Assets held for sale

√ Applicable □not applicable

1. Classification of non-current assets or disposal groups held for sale

The company classifies non-current assets or disposal groups that meet the following conditions simultaneously as held-for-sale: (1) According to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current conditions; (2) The sale is very likely to happen, that is, the company has made a resolution on the sale plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year.

The non-current assets or disposal groups acquired by the company for resale meet the condition of "the sale is expected to be completed within one year" on the date of acquisition, and are likely to meet the requirements of the held-for-sale category in the short term (usually 3 months) If there are other classification conditions, it will be classified as held for sale on the date of acquisition.

If the transaction between non-related parties fails to be completed within one year due to one of the following reasons beyond the company's control, and the company still promises to sell non-current assets or disposal groups, the non-current assets or disposal groups will continue to be classified as held Category for sale: (1) The buyer or other parties accidentally set the conditions that lead to the delay of the sale, and the company has taken timely actions against these conditions, and it is expected to successfully resolve the delay factor within one year from the setting of the conditions that lead to the delay of the sale; (2)) Due to rare circumstances, the non-current assets or disposal groups held for sale failed to be sold within one year, and the company has taken necessary measures for these new situations within the first year and met the classification of the held-for-sale category again condition.

2. Measurement of non-current assets or disposal groups held for sale

(1) Initial measurement and subsequent measurement

When the initial measurement and remeasurement of the non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the net amount after the fair value minus the sale expenses, the book value shall be written down to the fair value minus the The net amount after the sale expenses, the reduced amount is recognized as asset impairment loss, included in the current profit and loss, and the impairment provision for assets held for sale is withdrawn at the same time.

For non-current assets or disposal groups classified as held-for-sale on the date of acquisition, compare the initial measurement amount and the net amount of the fair value minus the sale expenses under the assumption that it is not classified as held-for-sale , whichever is lower. Except for the non-current assets or disposal groups acquired in the business combination, the difference arising from the net value of the fair value of the non-current assets or disposal groups minus the selling expenses as the initial measurement amount is included in the current profit and loss.

For the asset impairment losses confirmed by the disposal group held for sale, the book value of the goodwill in the disposal group shall be offset first, and then the proportion of the book value of each non-current asset in the disposal group shall be offset in proportion. Book value.

The non-current assets held for sale or the non-current assets in the disposal group are not depreciated or amortized, and the interest and other expenses of the liabilities in the disposal group held for sale continue to be recognized.

(2) Accounting treatment for reversal of asset impairment loss

If the net amount of the fair value of the non-current assets held for sale on the subsequent balance sheet date minus the sale expenses increases, the previously written-down amount shall be restored, and the asset impairment loss shall be recognized after being classified as held for sale If the amount is reversed, the reversed amount will be included in the current profit and loss. Asset impairment losses recognized before being classified as held for sale are not reversed.

If the net amount of the fair value of the disposal group held for sale minus the sale expenses on the subsequent balance sheet date increases, the previously written-down amount will be restored, and the assets recognized as non-current assets after being classified as held for sale will be reduced. The amount of value loss is reversed, and the reversed amount is included in the current profit and loss. The book value of goodwill that has been deducted and the asset impairment loss recognized before the non-current assets are classified as held for sale shall not be reversed.

For the subsequent reversal of asset impairment losses recognized by the disposal group held for sale, the book value shall be increased proportionally according to the proportion of the book value of non-current assets in the disposal group except goodwill.

(3) No longer continue to be classified as held for sale and derecognized accounting treatment

When non-current assets or disposal groups are no longer classified as held-for-sale categories because they no longer meet the classification conditions of held-for-sale categories or non-current assets are removed from the held-for-sale disposal groups, the following two Whichever is the lower measure:

1) The book value before being classified as held for sale, and the adjusted amount according to the depreciation, amortization or impairment that should have been recognized under the assumption that it was not classified as held for sale ;

2) Recoverable amount.

When the unrecognized non-current assets or disposal groups are derecognized, the unrecognized gains or losses are included in the current profit and loss.

(18) Debt investment

The Determination Method and Accounting Treatment Method of Debt Investment Expected Credit Loss

☐Applicable √ not applicable

(19) Other debt investment

and accounting treatment method of expected credit loss of other debt investment

☐Applicable √not applicable

(20) Long-term receivables

and accounting treatment method of expected credit loss of long-term receivables

☐Applicable √not applicable

(21) Long-term equity investment

√ Applicable ☐not applicable

1. Judgment of joint control and significant influence

According to the relevant agreement, there is joint control over an arrangement, and the relevant activities of the arrangement can only be decided after the unanimous consent of the parties sharing the control right, which is determined as joint control. Having the right to participate in the decision-making of the financial and operating policies of the invested unit, but not being able to control or jointly control the formulation of these policies with other parties, is considered to be a significant influence.

2. Determination of investment cost

(1) In the case of a business combination under the same control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the consideration for the merger, on the date of merger, the owner's equity of the merged party is acquired in the ultimate controlling party. The share of the book value in the consolidated financial statements is taken as its initial investment cost. The capital reserve shall be adjusted for the difference between the initial investment cost of the long-term equity investment and the book value of the merger consideration paid or the total face value of the issued shares; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The company realizes the long-term equity investment formed by the merger of enterprises under the same control step by step through multiple transactions, and judges whether it belongs to a "package transaction". If it belongs to a "package deal", each transaction is accounted for as a transaction that acquires control. If it does not belong to a "package deal", on the date of combination, the initial investment cost shall be determined according to the share of the book value of the combined party's net assets in the final controlling party's consolidated financial statements that should be enjoyed after the combination. The difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for further acquisition of shares on the merger date shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset , to adjust retained earnings.

(2) For the merger of enterprises not under the same control, the fair value of the merger consideration paid on the purchase date shall be taken as its initial investment cost.

The company realizes the long-term equity investment formed by the merger of enterprises not under the same control step by step through multiple transactions, and distinguishes between individual financial statements and consolidated financial statements for relevant accounting treatment:

1) In the individual financial statements, the sum of the book value of the original equity investment plus the newly added investment cost is used as the initial investment cost calculated by the cost method.

2) In the consolidated financial statements, determine whether it is a "package deal". If it belongs to a "package deal", each transaction is accounted for as a transaction that acquires control. If it does not belong to a "package deal", the equity of the acquiree held before the purchase date shall be remeasured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity held by the acquiree involves other comprehensive income calculated under the equity method, other comprehensive income related to it shall be transferred to the current income on the purchase date. However, other comprehensive income arising from changes in the net liabilities or net assets of the defined benefit plan due to the remeasurement of the investee is excluded.

(3) Except for those formed by business combination: if it is acquired by paying cash, the actual purchase price paid shall be used as its initial investment cost; if it is acquired by issuing equity securities, the initial investment cost shall be the fair value of the issued equity securities; If it is acquired through debt restructuring, its initial investment cost shall be determined according to "Accounting Standards for Business Enterprises No. 12 - Debt Restructuring"; if it is acquired through non-monetary asset exchange, it shall be determined according to "Accounting Standards for Business Enterprises No. 7 - Non-monetary asset exchange" 》Determine its initial investment cost.

3. Subsequent measurement and profit and loss recognition method

Long-term equity investments that exercise control over the invested entity are accounted for using the cost method; long-term equity investments for associates and joint ventures are accounted for using the equity method.

4. Step-by-step disposal of investment in subsidiaries through multiple transactions until loss of control

(1) Individual financial statements

For the equity disposed of, the difference between its book value and the actual acquisition price is included in the current profit and loss. For the remaining equity, if it still has a significant influence on the invested unit or implements joint control with other parties, it will be converted to equity method accounting; if it can no longer exercise control, joint control or significant influence on the invested unit, it will be accounted for in accordance with the "Accounting Standards for Business Enterprises" 22 - Recognition and Measurement of Financial Instruments" for accounting purposes.

(2) Consolidated financial statements

1) Step-by-step disposal of investment in subsidiaries through multiple transactions until the loss of control, and does not belong to a "package deal"

Before the loss of control, the difference between the disposal price and the disposal of long-term equity investment corresponding to the subsidiary's net asset share that has been calculated continuously since the date of purchase or merger, adjusts the capital reserve (capital premium), and the capital premium is insufficient to offset Yes, offset retained earnings.

When the control right to the atomic company is lost, the remaining equity is remeasured according to its fair value on the date when the control right is lost. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the original subsidiary's net assets calculated continuously from the purchase date or the merger date calculated according to the original shareholding ratio, is included in the loss of control The investment income of the current period shall be offset against the goodwill at the same time. Other comprehensive income related to the original subsidiary's equity investment shall be converted into current investment income when control is lost.

2) Step-by-step disposal of investment in subsidiaries through multiple transactions until the loss of control, which is a "package deal"

Each transaction is accounted for as a transaction to dispose of a subsidiary and lose control. However, before the loss of control, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized in the consolidated financial statements as other comprehensive income, and shall be transferred to the current period of loss of control when the control is lost. profit and loss.

(22) investment property

(1). If the cost measurement model is adopted

Depreciation or Amortization Method

1. Investment real estate includes leased land use rights, land use rights held for transfer after appreciation and leased buildings.

2. Investment properties are initially measured at cost, followed by subsequent measurement using the cost model, and are depreciated or amortized in the same way as fixed assets and intangible assets.

(23) fixed assets

(1). Confirmation conditions

√ Applicable □not applicable

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or operation and management, with a useful life of more than one fiscal year. Fixed assets are recognized when economic benefits are likely to flow in and costs can be measured reliably.

(2). depreciation method

√ Applicable □not applicable

category	depreciation method	Depreciation period (years)	Residual rate	Annual depreciation rate
houses and buildings	Average Years Method	30-35	5.00%	2.71%-3.17%
General Equipment	Average Years Method	3-5	5.00%	19.00%-31.67%
Professional setting	Average Years Method	5-10	5.00%	9.50%-19.00%
means of transport	Average Years Method	4-8	5.00%	11.88%-23.75%

(3). Basis for identification, valuation and depreciation methods of fixed assets under financing lease

□Applicable √not applicable

(24) Construction in progress

√ Applicable □not applicable

1. The construction in progress shall be recognized when the economic benefits are likely to flow in and the cost can be measured reliably. The construction in progress is measured at the actual cost incurred before the asset is ready for its intended use.

2. When the construction in progress reaches the intended usable state, it will be transferred to fixed assets according to the actual cost of the project. If it has reached the intended usable state but has not yet completed the final accounts, it will first be transferred to fixed assets according to the estimated value, and the original estimated value will be adjusted according to the actual cost after the completion of the final accounts, but the depreciation that has been accrued will not be adjusted.

(25) Borrowing costs

√ Applicable □not applicable

1. Recognition principles for capitalization of borrowing costs

The borrowing expenses incurred by the company, which can be directly attributable to the purchase, construction or production of assets eligible for capitalization, shall be capitalized and included in the cost of relevant assets; other borrowing expenses shall be recognized as expenses when incurred and included in the current profit and loss.

2. Borrowing costs capitalization period

(1) Capitalization begins when the borrowing costs meet the following conditions at the same time: 1) asset expenditure has occurred; 2) borrowing costs have occurred; Event has started.

(2) If the acquisition, construction or production of an asset eligible for capitalization is interrupted abnormally, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will

be suspended; the borrowing costs incurred during the interruption period will be recognized as current expenses until Acquisition, construction or production of assets resumes.

(3) Capitalization of borrowing costs stops when the purchased, constructed or produced assets that meet the conditions for capitalization reach the intended usable or salable state .

3. Capitalization rate and capitalization amount of borrowing costs

If a special loan is borrowed for the purchase, construction or production of assets eligible for capitalization, the interest expenses actually incurred in the current period of the special loan (including the amortization of the discount or premium determined in accordance with the actual interest rate method) minus the unused borrowing funds The amount of interest that should be capitalized is determined after the interest income obtained by depositing in the bank or the investment income obtained from temporary investment; if the general loan is used for the purchase, construction or production of assets that meet the capitalization conditions, the accumulated asset expenditure Multiply the weighted average of asset expenditures exceeding special borrowings by the capitalization rate of general borrowings to calculate and determine the amount of interest that should be capitalized on general borrowings.

(26) biological assets

□Applicable √not applicable

(27) Oil and gas assets

□Applicable √not applicable

(28) right-of-use asset

√ Applicable □not applicable

Please refer to " 42. Leasing" of "V. Significant Accounting Policies and Accounting Estimates" in this chapter.

(29) intangible assets

(1). Valuation method, service life, impairment test

√ Applicable □not applicable

1. Intangible assets include land use rights, patent rights and non-patented technologies, etc., and are initially measured at cost.

2. Intangible assets with limited service life shall be systematically and reasonably amortized within the service life according to the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method shall be used for amortization. The specific years are as follows:

project	Amortization period (years)
Land use rights	50
patent	2 0
software	5-10
Unpatented technology	3-5
customer relations	1 0

(2). Accounting Policy for Internal Research and Development Expenditures

√ Applicable □not applicable

Expenditures in the research stage of internal research and development projects are included in the current profit and loss when incurred. Expenditures in the development phase of internal research and development projects are recognized as intangible assets if they meet the following conditions: (1) It is technically feasible to complete the intangible asset so that it can be used or sold; (2) It is technically feasible to complete the intangible asset and Intention to use or sell; (3) The way intangible assets generate economic benefits, including the ability to prove that there is a market for the products produced by using the intangible asset or the intangible asset itself has a market, and if the intangible asset will be used internally, it can prove its usefulness; (4) There are sufficient technical, financial resources and other resource support to complete the development of the intangible asset, and have the ability to use or sell the intangible asset; (5) The expenditure attributable to the development stage of the intangible asset can be reliably measured .

(30) Impairment of long-term assets

√ Applicable ☐not applicable

For long-term assets such as long-term equity investment, investment real estate measured by cost model, fixed assets, construction in progress, right-of-use assets, and intangible assets with limited service life, if there is any sign of impairment on the balance sheet date, the estimated recoverable amount. For the goodwill and intangible assets with uncertain service life formed due to business combination, impairment test is carried out every year regardless of whether there is any sign of impairment. Goodwill is tested for impairment in combination with its related asset group or combination of asset groups.

If the recoverable amount of the above-mentioned long-term assets is lower than its book value, the asset impairment provision shall be recognized according to the difference and included in the current profit and loss.

(31) Long-term prepaid expenses

√ Applicable ☐not applicable

Long-term deferred expenses are accounted for expenses that have already been paid, and the amortization period is more than 1 year (excluding 1 year). Long-term deferred expenses are recorded on the basis of the actual amount incurred, and are evenly amortized in installments during the beneficiary period or the specified period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized will be transferred to the current profit and loss.

(32) contract liabilities

Method of Recognition of Contract Liabilities

√ Applicable ☐not applicable

Companies present contract assets or contract liabilities on their balance sheets, depending on the relationship between fulfillment of performance obligations and payment by customers. The company presents the net amount after offsetting the contract assets and contract liabilities under the same contract.

The company presents the obligation to transfer goods to customers that has received or receivable consideration from customers as contract liabilities.

(33) employee's salary

Employee remuneration includes short-term remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits.

(1)、The Accounting Treatment Method of Short-term Compensation

√ Applicable □not applicable

During the accounting period when employees provide services to the company, the actual short-term remuneration is recognized as a liability and included in the current profit and loss or related asset costs.

(2)、Accounting treatment for post-employment benefits

√ Applicable □not applicable

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

(1) During the accounting period when employees provide services to the company, the deposit amount calculated according to the defined deposit plan is recognized as a liability and included in the current profit and loss or related asset costs.

(2) The accounting treatment of defined benefit plans usually includes the following steps:

1) According to the expected cumulative welfare unit method, use unbiased and mutually consistent actuarial assumptions to estimate relevant demographic variables and financial variables, measure the obligations arising from the defined benefit plan, and determine the period of relevant obligations. At the same time, discount the obligation arising from the defined benefit plan to determine the present value and current service cost of the defined benefit plan obligation;

2) If there are assets in the defined benefit plan, the deficit or surplus formed by subtracting the fair value of the assets of the defined benefit plan from the present value of the defined benefit plan obligation shall be recognized as a defined benefit plan net liability or net asset. If there is a surplus in the defined benefit plan, the net assets of the defined benefit plan shall be measured at the lower of the surplus of the defined benefit plan or the upper limit of assets;

3) At the end of the period, the employee remuneration costs arising from the defined benefit plan are recognized as service costs, the net interest of the net liabilities or net assets of the defined benefit plan, and the changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan, etc. Part, in which the service cost and the net interest of the net liabilities or net assets of the defined benefit plan are included in the current profit or loss or the cost of related assets, and the changes arising from the remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income , And the transfer back to profit or loss is not allowed in subsequent accounting periods, but these amounts recognized in other comprehensive income can be transferred within the scope of equity.

(3)、Accounting treatment method for dismissal benefits

√ Applicable □not applicable

For dismissal benefits provided to employees, the employee salary liabilities arising from the dismissal benefits shall be recognized on the earlier of the following two dates, and included in the current profit and loss: (1) When the company cannot unilaterally withdraw the dismissal benefits provided due to the termination of labor relationship plans or layoff proposals ; (2) When the company recognizes the costs or expenses related to the restructuring involving the payment of dismissal benefits.

(4)、Accounting treatment methods for other long-term employee benefits

√ Applicable □not applicable

If other long-term benefits provided to employees meet the conditions of the defined contribution plan, the accounting treatment shall be carried out in accordance with the relevant provisions of the defined contribution plan; other long-term benefits shall be subject to accounting treatment in accordance with the relevant provisions of the defined benefit plan. Simplify the relevant accounting treatment, and recognize the resulting employee compensation costs as service costs, net interest on other long-term employee benefit net liabilities or net assets, and changes arising from the remeasurement of other long-term employee benefit net liabilities or net assets The total net amount is included in the current profit and loss or the cost of related assets.

(34) lease liability

√ Applicable ☐not applicable

Please refer to " 42. Leasing" of "V. Significant Accounting Policies and Accounting Estimates" in this chapter.

(35) Estimated liabilities

√ Applicable ☐not applicable

1. Obligations arising from contingencies such as external guarantees, litigation matters, product quality assurance, loss contracts, etc.

When the performance of the obligation is likely to cause economic benefits to flow out of the company, and the amount of the obligation can be reliably measured,

The company recognizes this obligation as estimated liabilities.

2. The company initially measures the estimated liabilities according to the best estimate of the expenditure required to fulfill the relevant current obligations, and

The book value of estimated liabilities shall be reviewed on the balance sheet date.

(36) share payment

√ Applicable ☐not applicable

1. Types of share payment

Including equity-settled share-based payment and cash-settled share-based payment.

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

(1) Equity-settled share-based payment

Equity-settled share-based payments that are exercisable immediately after grant in exchange for employee services shall be included in relevant costs or expenses based on the fair value of the equity instrument on the grant date, and the capital reserve shall be adjusted accordingly. Equity-settled share-based payments that can only be vested in exchange for employee services after completing the service within the waiting period or meeting the specified performance conditions, on each balance sheet date during the waiting period, the best estimate of the number of vesting equity instruments is Based on the fair value on the grant date of the equity instrument, the services obtained in the current period are included in the relevant costs or expenses, and the capital reserve is adjusted accordingly.

For equity-settled share-based payments in exchange for other parties' services, if the fair value of the other party's services can be reliably measured, it shall be measured at the fair value of the other party's services on the acquisition date; if the fair value of the other party's services cannot be reliably measured, but the equity instrument's If the fair value can be reliably measured, it shall be measured according to the fair value of the equity instrument on the date of service acquisition, included in relevant costs or expenses, and the owner's equity shall be increased accordingly.

(2) Cash-settled share-based payment

For cash-settled share-based payments that can be exercised immediately after the grant in exchange for employee services, the fair value of the liabilities assumed by the company will be included in the relevant costs or expenses on the grant date, and the liabilities will be increased accordingly. Cash-settled share-based payment in exchange for employee services that can only be vested after completing the service within the waiting period or meeting the specified performance conditions. On each balance sheet date during the waiting period, based on the best estimate of the vesting situation, According to the fair value of the liabilities undertaken by the company, the services obtained in the current period are included in the relevant costs or expenses and the corresponding liabilities.

(3) Amendment and termination of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the company will recognize the increase in services obtained in accordance with the increase in the fair value of the equity instruments; if the modification increases the number of equity instruments granted, the company will increase the fair value of the equity instruments Correspondingly recognized as an increase in the acquisition of services; if the company modifies the vesting conditions in a way that is beneficial to employees, the company will consider the modified vesting conditions when processing the vesting conditions.

If the modification reduces the fair value of the granted equity instruments, the company will continue to recognize the amount of services obtained based on the fair value of the equity instruments on the date of grant, regardless of the reduction in the fair value of the equity instruments; if the modification reduces the granted equity instruments The company will treat the reduced part as the cancellation of the granted equity instruments; if the exercising conditions are modified in a way that is unfavorable to employees, the modified exercising conditions will not be considered when processing the exercising conditions.

If the company cancels the granted equity instruments or settles the granted equity instruments within the waiting period (except for cancellations due to failure to meet the exercising conditions), the cancellation or settlement will be treated as accelerated exercising, and the original The amount confirmed during the remaining waiting period.

(37) Preferred shares, perpetual bonds and other financial instruments

□Applicable √not applicable

(38) income

(1). Accounting policies adopted for revenue recognition and measurement

√ Applicable □not applicable

1. Principles of revenue recognition

On the inception date of the contract, the company evaluates the contract, identifies the individual performance obligations contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When one of the following conditions is met, the performance obligation is performed within a certain period of time; otherwise, the performance obligation is performed at a certain point in time: (1) The customer obtains and consumes the economic benefits brought by the company’s performance at the same time as the company’s performance; 2) The customer can control the goods under construction during the company's contract performance; (3) The goods produced during the company's contract performance have irreplaceable uses, and the company has the right to collect payments for the performance part that has been completed so far during the entire contract period.

For performance obligations that are fulfilled within a certain period of time, the company recognizes revenue according to the progress of the performance within that period of time. When the performance progress cannot be reasonably determined, if the incurred costs are expected to be compensated, the revenue shall be recognized according to the incurred cost amount until the performance progress can be reasonably determined. For performance obligations fulfilled at a certain point in time, revenue is recognized at the point in time when the customer obtains control over the relevant goods or services. When judging whether the customer has obtained control of the product, the company considers the following signs: (1) the company has the current right to receive payment for the product, that is, the customer has a current payment obligation for the product; (2) the company has legal ownership of the product transfer to the customer, that is, the customer already has the legal ownership of the commodity; (3) the company has transferred the commodity to the customer, that is, the customer has physically occupied the commodity; (4) the company has The remuneration is transferred to the customer, that is, the customer has obtained the main risks and rewards of ownership of the product; (5) the customer has accepted the product; (6) other signs that the customer has obtained control of the product.

2. Income Measurement Principles

(1) The company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled for 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) If there is a variable consideration in the contract, the company determines the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the cumulative confirmed value when the relevant uncertainties are eliminated. An amount for which it is highly unlikely that a material reversal of income will occur.

(3) If there is a significant financing component in the contract, the company determines the transaction price based on the amount payable in cash assuming that the customer obtains the control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the actual interest rate method within the contract period. On the inception date of the contract, if 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 component in the contract will not be considered.

(4) If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling prices of the commodities promised by each individual performance obligation on the inception date of the contract.

3. Specific methods of revenue recognition

(1) Revenue recognized at point in time

The company sells industrial automation and intelligent manufacturing solutions, instruments and meters and other products, which are performance obligations performed at a certain point in time. The revenue recognition of domestic sales products must meet the following conditions: for businesses that require on-site services, revenue is recognized after the overall system is put into operation; for businesses that do not require on-site services, revenue is recognized after the products are shipped and signed by customers. Export products mainly include general contracting business and direct selling business. General contracting business refers to sales to overseas customers through domestic general contractors. The company signs a sales contract with the general contractor, and ships the goods to the domestic location designated by the general contractor according to the contract; direct sales Business refers to the business of selling directly to overseas customers. The company directly signs sales contracts with overseas customers, and the company is responsible for the export declaration of goods. The revenue recognition of export products must meet the following conditions: if on-site service is required in the general contracting business, the revenue will be recognized after the overall system is put into operation; For business, revenue is recognized after the product is shipped, declared for export and the bill of lading is obtained.

The sale of products such as industrial software by the company is a performance obligation fulfilled at a certain point in time. The recognition of industrial software revenue needs to meet the following conditions: the revenue is recognized after the software is launched.

The company's sales of spare parts in operation and maintenance services and S2B platform business and other products are performance obligations performed at a certain point in time. The following conditions must be met for revenue recognition of domestically sold products: revenue is recognized after the product is shipped and signed by the customer. The following conditions must be met for revenue recognition of export products: the revenue is recognized after the products are shipped, declared for export and the bill of lading is obtained.

(2) Revenue recognized according to the performance progress

In the company's sales operation and maintenance services, such as inspection, upgrade, maintenance and other services, since the customer obtains and consumes the economic benefits brought by the company's performance when the company performs the contract, the company regards it as a performance obligation performed within a certain period of time, according to Revenue is recognized according to the progress of the performance of the contract, except that the progress of the performance of the contract cannot be reasonably determined. The company determines the performance progress of the provision of services according to the output method. When the performance progress cannot be reasonably determined, if the company's incurred costs are expected to be compensated, the revenue shall be recognized according to the incurred cost amount until the performance progress can be reasonably determined.

(2). Differences in accounting policies for revenue recognition due to the adoption of different business models for similar businesses

□Applicable √not applicable

(39) contract cost

√ Applicable □not applicable

Assets related to contract costs include contract acquisition costs and contract performance costs.

If the incremental cost incurred by the company to acquire the contract is expected to be recoverable, it is recognized as an asset as the cost of acquiring the contract. If the amortization period of the contract acquisition cost does not exceed one year, it will be directly included in the current profit and loss when incurred.

If the cost incurred by the company for the performance of the contract does not apply to the scope of the relevant standards such as inventory, fixed assets or intangible assets and meets the following conditions at the same time, it shall be recognized as an asset as a contract performance cost:

1. The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar expenses), costs clearly borne by the customer, and other costs incurred solely as a result of the contract;

2. The cost increases the company's future resources to meet its performance obligations;

3. The cost is expected to be recoverable.

The company amortizes the assets related to the contract cost on the same basis as the recognition of goods or service revenue related to the assets, and includes them in the current profit and loss.

If the book value of the asset related to the contract cost is higher than the remaining consideration that is expected to be obtained from the transfer of the goods or services related to the asset minus the estimated cost to be incurred, the company shall make provision for impairment for the excess part and recognize it as an asset impairment loss. If the depreciation factor in the previous period changes later, so that the remaining consideration that can be expected to be obtained from the transfer of the goods or services related to the asset minus the estimated cost to be incurred is higher than the book value of the asset, the original depreciation of the asset that has been withdrawn will be reversed. The provision shall be included in the profit and loss of the current period, but the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no provision for impairment is made.

(40) government subsidy

√ Applicable □not applicable

1. Government subsidies are recognized when the following conditions are met at the same time: (1) the company can meet the conditions attached to the government subsidies; (2) the company can receive government subsidies. If the government subsidy is a monetary asset, it shall be measured at the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value; if the fair value cannot be reliably obtained, it shall be measured at its nominal amount.

2. Judgment basis and accounting treatment method of government subsidies related to assets

Government documents stipulate that government subsidies used for purchase and construction or other forms of long-term assets are classified as asset-related government subsidies. If the government documents are not clear, the judgment shall be based on the basic conditions necessary to obtain the subsidy, and the basic condition for long-term assets formed by purchase, construction or other means shall be regarded as government subsidies related to assets. Government grants related to assets are offset against the book value of related assets or recognized as deferred income. Government grants related to assets recognized as deferred income shall be included in profit or loss by stages in a reasonable and systematic manner within the useful life of the relevant assets. Government grants measured at nominal amounts are directly included in current profit and loss. If the relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the undistributed relevant deferred income balance will be transferred to the current profit and loss of asset disposal.

3. Judgment basis and accounting treatment method of government subsidies related to income

Government grants other than those related to assets are classified as government grants related to income. For government grants that include both asset-related parts and income-related parts, if it is difficult to distinguish assets-related or income-related, they are classified as income-related government subsidies as a whole. If the government subsidy related to income is used to compensate the relevant costs or losses in the subsequent period, it shall be recognized as deferred income. During the period when the relevant costs or losses are confirmed, it shall be included in the current profit or loss or offset the relevant costs; If the relevant costs or losses occur, they shall be directly included in the current profit and loss or offset the relevant costs.

4. Government grants related to the company's daily operating activities are included in other income or offset related costs in accordance with the nature of the economic business. Government subsidies not related to the company's daily activities are included in non-operating income and expenditure.

(41) Deferred tax assets/deferred tax liabilities

√ Applicable □not applicable

1. According to the difference between the book value of assets and liabilities and their tax base (if the tax base of items not recognized as assets and liabilities can be determined according to the tax law, the difference between the tax base and their book value), The deferred income tax assets or deferred income tax liabilities shall be calculated and confirmed according to the applicable tax rate during the expected recovery of the asset or the settlement of the liability.

2. The confirmation of deferred income tax assets is limited to the amount of taxable income that is likely to be obtained to offset the deductible temporary difference. On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset the deductible temporary difference, the deferred income tax assets not recognized in the previous accounting period shall be confirmed.

3. On the balance sheet date, review the book value of the deferred income tax assets. If it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred income tax assets, write down the deferred income tax assets. Book value. When it is probable that sufficient taxable income will be obtained, the amount written down is reversed.

4. The company's current income tax and deferred income tax are included in the current profit and loss as income tax expenses or income, but do not include the income tax arising from the following situations: (1) business combination; (2) transactions or events directly recognized in the owner's equity.

(42) lease

(1). Accounting Treatment for Operating Leases

√ Applicable □not applicable

1. Company as lessee

On the commencement date of the lease term, the company recognizes a lease with a lease term of no more than 12 months and does not include a purchase option as a short-term lease; and recognizes a lease with a low value when the single leased asset is a new asset as a low-value asset lease. Where a company subleases or expects to sublease leased assets, the original lease shall not be recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the company will include the lease payments in the cost of relevant assets or current profit and loss according to the straight-line method during each period of the lease term.

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

(1) Right-of-use assets

The right-of-use asset is initially measured at cost, which includes: 1) the initial measurement amount of the lease liability; 2) the lease payment paid on or before the lease commencement date, if there is a lease incentive, deduct the relevant amount of the lease incentive enjoyed ;3) The initial direct costs incurred by the lessee; 4) The costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state stipulated in the lease terms.

The company depreciates the right-of-use asset on a straight-line basis. If it can be reasonably determined that the ownership of the leased asset will be obtained when the lease term expires, the company shall accrue depreciation within the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease period expires, the company shall accrue depreciation during the shorter period of the lease period or the remaining useful life of the leased asset.

(2) Lease liabilities

At the commencement date of the lease term, the company recognizes the present value of the unpaid lease payments as a lease liability. When calculating the present value of the lease payment, the lease implicit interest rate is used as the discount rate. If the lease implicit interest rate cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payment and its present value is regarded as unrecognized financing expenses, and the interest expense is recognized according to the discount rate of the present value of the lease payment in each period of the lease period, and is included in the current profit and loss. Variable lease payments that are not included in the measurement of lease liabilities are included in current profit or loss when they actually occur.

After the commencement date of the lease term, when there is a change in the actual fixed payment, a change in the estimated amount payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payment, the evaluation of the option to purchase, the option to renew the lease or the option to terminate When the result or the actual exercise of the right changes, the company remeasures the lease liability according to the present value of the lease payment after the change, and adjusts the book value of the right-of-use asset accordingly. For example, the book value of the right-of-use asset has been reduced to zero, but the lease If the liabilities still need to be further reduced, the remaining amount shall be included in the current profit and loss.

2. Company as lessor

During each period of the lease term, the company recognizes the lease receipts as rental income using the straight-line method, capitalizes the initial direct expenses incurred and amortizes them on the same basis as the rental income recognition, and includes them in the current profit and loss in installments. The variable lease payment obtained by the company related to the operating lease and not included in the lease receipts is included in the current profit and loss when it actually occurs.

(2). Accounting treatment method of finance lease

□Applicable √not applicable

(3). Determination method and accounting treatment method of lease under the new lease standard

√ Applicable □not applicable

1. Company as lessee

On the commencement date of the lease term, the company recognizes a lease with a lease term of no more than 12 months and does not include a purchase option as a short-term lease; and recognizes a lease with a low value when the single leased asset is a new asset as a low-value asset lease. Where a company subleases or expects to sublease leased assets, the original lease shall not be recognized as a low-value asset lease.

For all short-term leases and leases of low-value assets, the company will include the lease payments in the cost of relevant assets or current profit and loss according to the straight-line method during each period of the lease term.

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

(1) Right-of-use assets

The right-of-use asset is initially measured at cost, which includes: 1) the initial measurement amount of the lease liability; 2) the lease payment paid on or before the lease commencement date, if there is a lease incentive, deduct the relevant amount of the lease incentive enjoyed ;3) The initial direct costs incurred by the lessee; 4) The costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located, or restoring the leased asset to the state stipulated in the lease terms.

The company depreciates the right-of-use asset on a straight-line basis. If it can be reasonably determined that the ownership of the leased asset will be obtained when the lease term expires, the company shall accrue depreciation within the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained when the lease period expires, the company shall accrue depreciation during the shorter period of the lease period or the remaining useful life of the leased asset.

(2) Lease liabilities

At the commencement date of the lease term, the company recognizes the present value of the unpaid lease payments as a lease liability. When calculating the present value of the lease payment, the lease implicit interest rate is used as the discount rate. If the lease implicit interest rate cannot be determined, the company's incremental borrowing rate is used as the discount rate. The difference between the lease payment and its present value is regarded as unrecognized financing expenses, and the interest expense is recognized according to the discount rate of the present value of the lease payment in each period of the lease period, and is included in the current profit and loss. Variable lease payments that are not included in the measurement of lease liabilities are included in current profit or loss when they actually occur.

After the commencement date of the lease term, when there is a change in the actual fixed payment, a change in the estimated amount payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payment, the evaluation of the option to purchase, the option to renew the lease or the option to terminate When the result or the actual exercise of the right changes, the company remeasures the lease liability according to the present value of the lease payment after the change, and adjusts the book value of the right-of-use asset accordingly. For example, the book value of the right-of-use asset has been reduced to zero, but the lease If the liabilities still need to be further reduced, the remaining amount shall be included in the current profit and loss.

2. Company as lessor

During each period of the lease term, the company recognizes the lease receipts as rental income using the straight-line method, capitalizes the initial direct expenses incurred and amortizes them on the same basis as the rental income recognition, and includes them in the current profit and loss in installments. The variable lease payment obtained by the company related to the operating lease and not included in the lease receipts is included in the current profit and loss when it actually occurs.

(43) Other significant accounting policies and accounting estimates

□Applicable √not applicable

(44) significant accounting policies and accounting estimates

(1). Significant accounting policy changes

√ Applicable □not applicable

Contents and reasons for changes in accounting policies	approval procedure	Remarks (names and amounts of report items that are significantly affected)
Interpretation of Accounting Standards for Business Enterprises No. 16 No. "" Regarding the assets generated by a single transaction Deferred income tax related to assets and liabilities Accounting for which the initial recognition exemption does not apply deal with".	not applicable	See other instructions for details

other instructions:

On November 30, 2022, the Ministry of Finance issued the "Interpretation No. 16 of Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31, hereinafter referred to as " Interpretation No. 16"). In the accounting treatment of Interpretation No. 16: "About single transaction The deferred income tax related to the assets and liabilities arising is not applicable to the accounting treatment of the initial recognition exemption" which will be implemented from January 1, 2023.

(2). significant accounting estimates

□Applicable √not applicable

(3). from 2023 , the first implementation of the new accounting standards or interpretation of the standards will involve adjustments to the financial statements at the beginning of the first implementation year

□Applicable √not applicable

(45) other

□Applicable √not applicable

VI. tax

(1) Main tax types and tax rates

Main tax types and tax rates

√ Applicable □not applicable

tax	Tax basis	tax rate

VAT	The output tax is calculated based on the sales of goods and taxable service income calculated in accordance with the tax law. After deducting the input tax that is allowed to be deducted in the current period, the difference is the value-added tax payable	27% , 21%, 18%, 15%, 13%, 12%, 11%, 10%, 9%, 7%, 6%, 5%, simple collection of 5% or 3%; export goods enjoy "free, "Credit and refund" tax policy, the tax refund rate is 15%, 13% [Note]
property tax	If it is levied on ad valorem basis, it shall be calculated and paid at 1.2% of the remaining value after deducting 30% from the original value of the real estate; if it is levied on a rent basis, it shall be calculated and paid at 12% of the rental income	1.2%, 12%
Urban maintenance and construction tax	Actual payment of turnover tax	7% , 5 %
Education surcharge	Actual payment of turnover tax	3%
Local education surcharges	Actual payment of turnover tax	2%
corporate income tax	Taxable income	9% , 10%, 15%, 16.5%, 17%, 1 9% , 20%, 2 1% , 22%, 24%, 25% , 2 5.8%

[Note] Explanation of VAT rates for overseas taxpayers

Tax subject name	VAT rate
SUPINCO AUTOMATION PRIVATE LIMITED	18%
SUPCON SAUDI CO., LTD	15%
SUPCON TECHNOLOGY (SINGAPORE) PTE. LTD	7%
SUPCON HOLDING (THAILAND)CO.,LTD	7%
SUPCON TECHNOLOGY (THAILAND)CO.,LTD	7%
SUPCON TECHNOLOGY (MALAYSIA) SDN.BHD	not applicable
PT . SUPCON TECHNOLOGY INDONESIA	11%
SUPCON INTERNATIONAL HOLDING PTE. LTD	7%
SUPCON TECHNOLOGY PAKISTAN (PRIVATE) LIMITED	18%
Supcon Technology (Hong Kong) Co., Ltd.	not applicable
Hobré International BV	2 1%
Hobré Instruments BV	9 % , 21%
Hobré Laser Technology Kft	5 % , 18% , 27 %
Hobré USA Inc.	not applicable
"SUPCON" LIMITED LIABILITY COMPANY	12%
SUPCON JAPAN CO., LTD.	10%

If there are taxpayers with different corporate income tax rates, the disclosure statement
√ Applicable □not applicable

Tax subject name	Income tax rate (%)
Zhejiang SUPCON Technology Co., Ltd.	10
Zhejiang Supcon Software Technology Co., Ltd.	15
Zhejiang Zhongkong Automation Instrument Co., Ltd.	15
Zhejiang Zhongkong Fluid Technology Co., Ltd.	15
Zhejiang Zhongkong Xizi Technology Co., Ltd.	15
Zhejiang Zhongkong Sensing Technology Co., Ltd.	15
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	1 5
Supcon Technology (Hong Kong) Co., Ltd.	16.5
Zhejiang Supcon Intelligent Technology Industry Development Co., Ltd.	20
Hangzhou Baojie Investment Consulting Co., Ltd.	20
Hangzhou Valvexin Technology Co., Ltd.	20
Ningbo Zhongkong Automation Technology Co., Ltd.	20
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	20
Zhejiang Zhongkong Park Intelligent Housekeeper Technology Co., Ltd.	20
Zhejiang Lingben Management Consulting Co., Ltd.	20
Zhejiang Zhongkong Huiji Technology Co., Ltd.	20
Shaanxi SUPCON Digital Technology Engineering Co., Ltd.	20
Ningxia Ningdong Kekong Big Data Co., Ltd.	20
Shanghai Zhiying Technology Co., Ltd.	20
Zhejiang Zhihuiyuan Digital Technology Co., Ltd.	20
Zhejiang Supcon Well Oil & Gas Technology Co., Ltd.	20
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.	20
Meishan Supcon Intelligent Butler Technology Co., Ltd.	20
Zhuhai Zhongkong Guanjia Intelligent Technology Co., Ltd.	20
Supcon (Hangzhou) Venture Capital Co., Ltd.	20
Yulin Prime Technology Co., Ltd.	20
SUPCON INTERNATIONAL HOLDING PTE. LTD.	17
SUPCON TECHNOLOGY (SINGAPORE) PTE. LTD.	17
SUPCON SAUDI CO., LTD.	20
SUPCON HOLDING (THAILAND)CO.,LTD	15
SUPCON TECHNOLOGY (THAILAND)CO.,LTD	15
SUPCON TECHNOLOGY (MALAYSIA) SDN.BHD.	twenty four
PT . SUPCON TECHNOLOGY INDONESIA	not applicable
SUPCON TECHNOLOGY PAKISTAN (PRIVATE)	20

LIMITED	
Hobré International BV	1 9 , 2 5.8
Hobré Instruments BV	19, 25.8
Hobré Laser Technology Kft	9
Hobré USA Inc.	2 1
"SUPCON" LIMITED LIABILITY COMPANY	15
SUPCON JAPAN CO., LTD.	twenty two
Other taxpayers other than the above	25

(2) tax incentives

√ Applicable □not applicable

1. According to the "Notice on Value-Added Tax Policy for Software Products" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. Guan [2019] No. 39), the company and its subsidiaries Zhejiang Supcon Automation Instrument Co., Ltd., Hangzhou Valvexin Technology Co., Ltd., and Zhejiang Supcon Software Technology Co., Ltd. software product sales income shall be calculated and paid at a tax rate of 13%. The part exceeding 3% will be subject to the tax refund policy after being reviewed by the competent tax department.

2. According to the "Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and Software Industry in the New Era" (Guo Fa [2020] No. 8), "National Development and Reform Commission and other departments on the implementation of preferential tax policies in 2023" Notice on Relevant Requirements for Formulation of the List of Integrated Circuit Enterprises or Projects and Software Enterprises (Fagai Gaoji [2023] No. 287), Announcement of the Ministry of Industry and Information Technology of the People's Republic of China, the National Development and Reform Commission, the Ministry of Finance, and the State Administration of Taxation 2021 No. 10", the company enjoys the preferential tax policy of enterprise income tax for key software enterprises, and the enterprise income tax is calculated and paid at 10% of the taxable income in 2023.

3. According to the "Notice on Recording and Announcing the High-tech Enterprises Recognized by the Zhejiang Provincial Recognition Agency in 2022" issued by the Zhejiang Science and Technology Bureau, the subsidiaries Zhejiang Zhongkong Xizi Technology Co., Ltd. and Zhejiang Zhongkong Fluid Technology Co., Ltd. passed the high-tech enterprise certification , within three years from January 1, 2022, the corporate income tax will be reduced at 15%, and the applicable corporate income tax rate for 2023 will be 15%.

According to the Zhejiang Provincial Department of Science and Technology's " Notice on the First Batch of High-tech Enterprises Identified in Zhejiang Province in 2021", the subsidiary Zhejiang Zhongkong Sensing Technology Co., Ltd. has passed the identification of high-tech enterprises. Since January 1, 2021 The corporate income tax rate will be reduced to 15% within 3 years from the start of the year, and the applicable corporate income tax rate for 2023 will be 15%.

According to the "Reply Letter on the 2020 High-tech Enterprise Registration in Zhejiang Province" (Guo Ke Huo Zi [2020] No. 251) issued by the Science and Technology Department of Zhejiang Province, the subsidiaries Zhejiang Supcon Software Technology Co., Ltd. and Zhejiang Supcon Automation Instrument Co., Ltd. passed the high- tech Technology enterprises are determined to pay corporate income tax at a reduced rate of 15% within 3 years from January 1, 2020. It is currently applying for high-tech enterprise review, and the corporate income tax will be temporarily calculated and paid at a rate of 15% from January to June 2023 .

4. According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing Income Tax Preferential Policies for Small and Micro Enterprises" (Cai Shui [2022] No. 13): From January 1, 2022 to December 31, 2024, the annual For the part of the taxable income exceeding 1 million yuan but not exceeding 3 million yuan, the taxable income shall be included in the taxable income at a reduced rate of 25%, and the enterprise income tax shall be paid at a tax rate of 20%; Announcement on Preferential Policies for Household Income Tax (Cai Shui [2023] No. 6) stipulates that from January 1, 2023 to December 31, 2024, the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan shall be reduced 25% is included in the taxable income, and the corporate income tax is paid at a tax rate of 20% ; according to the "Announcement of the Ministry of Finance and the State Administration of Taxation on Further Supporting the Development of Small and Micro Enterprises and Individual Industrial and Commercial Households" (Cai Shui [2023] No. 12) regulations: For small and low-profit enterprises, the taxable income shall be calculated at a reduced rate of 25%, and the enterprise income tax policy shall be paid at a rate of 20%, which will continue to be implemented until December 31, 2027. Subsidiaries Zhejiang Supcon Intelligent Technology Industry Development Co., Ltd., Hangzhou Baojie Investment Consulting Co., Ltd., Hangzhou Valvexin Technology Co., Ltd., Ningbo Supcon Automation Technology Co., Ltd., Supcon Marine Equipment (Zhejiang) Co., Ltd., Zhejiang Supcon Park Intelligent Butler Technology Co., Ltd., Zhejiang Lingben Management Consulting Co., Ltd., Zhejiang Supcon Huiji Technology Co., Ltd., Shaanxi Supcon Digital Technology Engineering Co., Ltd., Ningxia Ningdong Kekong Big Data Co., Ltd., Shanghai Zhiying Technology Co., Ltd., Zhejiang Zhihuiyuan Digital Technology Co., Ltd., Zhejiang Supcon Well Oil and Gas Technology Co., Ltd., Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd., Meishan Supcon Intelligent Butler Technology Co., Ltd., Zhuhai Supcon Butler Intelligent Technology Co., Ltd., Supcon (Hangzhou) Venture Capital Co., Ltd. and Yulin Premtech Technology Co., Ltd. enjoy the above preferential policies in this period.

(3) other

□Applicable √not applicable

VII. Notes to Consolidated Financial Statements Items

(1) Money funds

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
cash in stock	96,639.40	98,201.16
Bank savings	4,993,683,861.65	1,331,704,255.31
Other monetary fund	43,947,103.43	55,052,857.90
total	5,037,727,604.48	1,386,855,314.37
Including: total amount deposited overseas	3,917,832,913.46	40,970,947.78
Deposit money of financial company		

other instructions:

the project	Ending balance	Opening balance
Limited use of funds		
Including: Guarantee deposit	39,832,688.84	39,285,841.23
Bill Margin	3,874,373.86	15,592,546.18
Litigation bond	752,102.44	752,102.44
total	44,459,165.14	55,630,489.85

(2) trading financial assets

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Financial assets measured at fair value through profit or loss	1,442,000,000.00	2,275,808,701.79
in:		
Bank wealth management products	1,442,000,000.00	2,273,994,000.00
securities assets		1,814,701.79
designated at fair value through profit or loss		
in:		
total	1,442,000,000.00	2,275,808,701.79

Other notes :

☐Applicable √ not applicable

(3) derivative financial assets

☐Applicable √not applicable

(4) bill receivable

1. Classification of Notes Receivable

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
bank acceptance note	815,173,932.17	660,691,064.65
Commercial Promissory Note	50,636,172.33	91,968,607.59
total	865,810,104.50	752,659,672.24

2. Notes receivable pledged by the company at the end of the period

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount pledged at the end of the period
bank acceptance note	219,387,838.47
Commercial Promissory Note	

total	219,387,838.47

3. Notes receivable that have been endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
bank acceptance note		422,218,350.41
Commercial Promissory Note		47,963,509.62
total		470,181,860.03

4. At the end of the period, the company transferred the bills to accounts receivable due to the issuer's failure to perform the contract

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount transferred to accounts receivable at the end of the period
Commercial Promissory Note	259,608.00
total	259,608.00

5. Disclosure by classification of provision for bad debts

√ Applicable □not applicable

Unit: Currency: RMB

category	Ending balance					Opening Balance				
	Book balance		Bad debt provision		book value	Book balance		Bad debt provision		book value
	the amount	Ratio (%)	the amount	Accrual ratio (%)		the amount	Ratio (%)	the amount	Accrual ratio (%)	
Provision for bad debts by single item										
in:										
Provision for bad debts by portfolio	870,265,262.69	100.00	4,455,158.19	0.51	865,810,104.50	757,728,072.64	100.00	5,068,400.40	0.67	752,659,672.24
in:										
banker's acceptance	815,173,932.17	93.67			815,173,932.17	660,691,064.65	87.19			660,691,064.65
trade acceptance draft	55,091,330.52	6.33	4,455,158.19	8.09	50,636,172.33	97,037,007.99	12.81	5,068,400.40	5.22	91,968,607.59
total	870,265,262.69	/	4,455,158.19	/	865,810,104.50	757,728,072.64	/	5,068,400.40	/	752,659,672.24

Provision for bad debts by single item:

□Applicable √not applicable

Provision for bad debts by combination:
√ Applicable □not applicable
Combined accrual item : commercial acceptance bill

Unit: Currency: RMB

name	Ending balance		
	bill receivable	Bad debt provision	Accrual ratio (%)
trade acceptance draft	55,091,330.52	4,455,158.19	8.09
total	55,091,330.52	4,455,158.19	8.09

Recognition standards and instructions for accruing bad debts by combination
√ Applicable □not applicable
11. Notes Receivable " of "Chapter 10 Financial Report" for details on the confirmation standard and explanation of provision for bad debts by group .

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:
□Applicable √not applicable

6. Provision for bad debts

√ Applicable □not applicable

Unit: Currency: RMB

category	Opening Balance	Amount of change in the current period			Ending balance
		Provision	withdraw or transfer back	Write-off or write-off	
Provision for bad debts by portfolio	5,068,400.40	-613,242.21			4,455,158.19
total	5,068,400.40	-613,242.21			4,455,158.19

Among them, the recoverable or reversed amount of bad debt provision in the current period is important:
□Applicable √not applicable other instructions:
none

7. Bills receivable actually written off in the current period
□Applicable √not applicable
other instructions:
□Applicable √not applicable

(5) accounts receivable

(1). **Disclosure by age**

√ Applicable □not applicable

Unit: Currency: RMB

aging	Closing book balance
within 1 year	
Among them: sub-items within 1 year	
within 1 year	2,054,616,964.36
Subtotal within 1 year	2,054,616,964.36
1 to 2 years	275,651,432.90
2 to 3 years	67,714,305.19
3 to 4 years	46,446,074.71
over 4 years	61,943,479.24
total	2,506,372,256.40

(2). Disclosure by classification of provision for bad debts

√ Applicable □not applicable

Unit: Currency: RMB

category	Ending balance					Opening Balance				
	Book balance		Bad debt provision		book value	Book balance		Bad debt provision		book value
	the amount	Ratio (%)	the amount	Accrual ratio (%)		the amount	Ratio (%)	the amount	Accrual ratio (%)	
Provision for bad debts by single item	25,175,517.31	1.00	25,175,517.31	100.00		20,185,898.02	1.03	20,185,898.02	100.00	
in:										
Single provision	25,175,517.31	1.00	25,175,517.31	100.00		20,185,898.02	1.03	20,185,898.02	100.00	
Provision for bad debts by portfolio	2,481,196,739.09	99.00	229,183,946.02	9.24	2,252,012,793.07	1,936,602,743.82	98.97	204,450,783.76	10.56	1,732,151,960.06
in:										
Aging Portfolio	2,481,196,739.09	99.00	229,183,946.02	9.24	2,252,012,793.07	1,936,602,743.82	98.97	204,450,783.76	10.56	1,732,151,960.06
total	2,506,372,256.40	/	254,359,463.33	/	2,252,012,793.07	1,956,788,641.84	/	224,636,681.78	/	1,732,151,960.06

Provision for bad debts by single item:
√ Applicable ☐not applicable

Unit: Currency: RMB

name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Provision reason
Jiangsu Jingyuanhong Technology Co., Ltd.	6,448,114.16	6,448,114.16	100.00	expected to be irretrievable
Anshun Hongsheng Chemical Co., Ltd.	4,130,433.63	4,130,433.63	1 00.00	expected to be irretrievable
Hebei Yongshun Industrial Group Co., Ltd.	1,500,000.00	1,500,000.00	1 00.00	expected to be irretrievable
Qujing Zhongyi Synthetic Chemical Co., Ltd.	1,407,452.98	1,407,452.98	1 00.00	expected to be irretrievable
Other sporadic total (74 households)	11,689,516.54	11,689,516.54	1 00.00	expected to be irretrievable
total	25,175,517.31	25,175,517.31	1 00.00	/

Explanation on accrual of bad debt provision by single item:
☐Applicable √not applicable

Provision for bad debts by combination:
√ Applicable ☐not applicable

Portfolio accrual item: aging portfolio

Unit: Currency: RMB

name	Ending balance		
	accounts receivable	Bad debt provision	Accrual ratio (%)
Aging Portfolio	2,481,196,739.09	229,183,946.02	9.24
total	2,481,196,739.09	229,183,946.02	9.24

Recognition standards and instructions for accruing bad debts by combination:
√ Applicable ☐not applicable

project	Ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
within 1 year	2,053,230,378.56	102,661,518.95	5.00 _
1-2 years	263,903,202.16	26,390,320.20	10.00 _
2-3 years	65,580,154.36	19,674,046.30	30.00 _
3-4 years	45,062,358.59	27,037,415.15	60.00 _
over 4 years	53,420,645.42	53,420,645.42	100.00 _
Subtotal	2,481,196,739.09	229,183,946.02	9.24

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:
☐Applicable √not applicable

(3). **Provision for bad debts**

√ Applicable □not applicable

Unit: Currency: RMB

category	Opening Balance	Amount of change in the current period				Ending balance
		Provision	withdraw or transfer back	Write-off or write-off	other changes	
Single provision for bad debts	20,185,898.02	6,521,996.87	-1,532,377.58			25,175,517.31
Provision for bad debts by portfolio	204,450,783.76	21,980,112.37	305,275.52	148,100.00	-2,595,874.37	229,183,946.02
total	224,636,681.78	28,502,109.24	-1,227,102.06	148,100.00	-2,595,874.37	254,359,463.33

[Note] Other changes were mainly due to changes in the scope of consolidation .

Among them, the recoverable or reversed amount of bad debt provision in the current period is important:

√ Applicable □not applicable

Unit: Currency: RMB

company name	Amount withdrawn or reversed	Recovery method
Dongying Liyuan Environmental Protection Technology Co., Ltd.	640,200.00	bank transfer back
Jiangyin Guangyu Photosensitive Material Co., Ltd.	300,000.00	bank transfer back
Shandong Changyi Haineng Chemical Co., Ltd.	293,000.00	bank transfer back
Nanning Guoneng Power Equipment Co., Ltd.	150,000.00	bank transfer back
Ordos Jinchengtai Chemical Co., Ltd.	101,837.58	bank transfer back
Shandong Wanfuda Chemical Co., Ltd.	15,500.00	bank transfer back
Henan Gas (Group) Co., Ltd. Yima Gasification Plant	15,000.00	bank transfer back
Jinan Guoneng Environmental Engineering Co., Ltd.	15,000.00	bank transfer back
Qujing Zhongyi Synthetic Chemical Co., Ltd.	1,840.00	bank transfer back
Zhejiang Duojisheng Supply Chain Technology Co., Ltd.	160,475.60	Withdrawal of bank deposits
Yueyang Fengli Paper Co., Ltd.	58,000.00	Withdrawal of bank deposits
Anyang Yongjin Chemical Co., Ltd.	30,599.92	Withdrawal of bank deposits
Shandong Wudi Jinrun Chemical Co., Ltd.	25,200.00	Withdrawal of bank deposits
Pingxiang Jimei Environmental Protection New Material Manufacturing Co., Ltd.	20,000.00	Withdrawal of bank deposits
Shaanxi Jinlong Cement Co., Ltd.	11,000.00	Withdrawal of bank

		deposits
total	1,837,653.10	/

other instructions:
none

(4). Accounts receivable actually written off in the current period

√ Applicable □not applicable

Unit: Currency: RMB

project	Write-off amount
Accounts receivable actually written off	148,100.00

Among them, the write-off of important accounts receivable
√ Applicable □not applicable

Unit: Currency: RMB

company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by related transactions
Jiangsu Hongbo New Material Co., Ltd.	payment	6,000.00	The counterparty's solvency has deteriorated, and the payment is expected to be irrecoverable	management approval	no
Yongchang Peilin Chemical Co., Ltd.	payment	142,100.00			
total	/	148,100.00	/	/	/

Accounts receivable write-off instructions:
□Applicable √not applicable

(5). Accounts receivable of the top five ending balances collected by debtors

√ Applicable □not applicable

company name	Ending balance	Proportion to the total ending balance of accounts receivable (%)	Closing balance of provision for bad debts
China Nuclear Power Engineering Co., Ltd. Zhengzhou Branch	62,143,149.76	2.48	3,107,157.49
Zhejiang Petrochemical Co., Ltd.	36,799,519.78	1.47	1,926,350.06

China National Petroleum Corporation	31,778,168.09	1.27	3,486,850.01
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	27,417,585.50	1.09	1,370,879.28
Zhejiang Times Lithium Battery Materials Co., Ltd.	22,648,864.43	0.90	1,132,443.22
total	180,787,287.56	7.21	11,023,680.06

(6). Accounts receivable derecognized due to transfer of financial assets

□Applicable √not applicable

(7). The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

√ Applicable □not applicable

Unit: Yuan Currency: RMB

project	Ending balance	Financial asset transfer method
accounts receivable	620,000.00	Accounts Receivable Factoring
short-term loan	620,000.00	

Other notes:

□Applicable √not applicable

(6) Receivables Financing

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
banker's acceptance	393,562,828.52	421,387,418.83
total	393,562,828.52	421,387,418.83

Changes in increase and decrease of receivable financing and changes in fair value in the current period :

□Applicable √not applicable

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables :

□Applicable √not applicable

Other notes :

√ Applicable □not applicable

Bills receivable pledged by the company at the end of the period

Unit: Yuan Currency: RMB

project	Amount pledged at the end of the period
banker's acceptance	253,999,067.34
Subtotal	253,999,067.34

Notes receivable that have been endorsed or discounted by the company at the end of the period and have not yet expired on the balance sheet date

Unit: Yuan Currency: RMB

project	Amount derecognized at the end of the period
banker's acceptance	158,945,015.08
Subtotal	158,945,015.08

Since the bank acceptance bills accepted by commercial banks with higher credit ratings are less likely to be unpaid upon maturity, the Company will derecognize the endorsed or discounted bank acceptance bills accepted by commercial banks with higher credit ratings. However, if the bills are not paid when they are due, the company will still be jointly and severally liable to the holders in accordance with the provisions of the "Negotiable Instruments Law".

(7) Prepayments

(1). **Prepayments listed by aging**

√ Applicable ☐not applicable

Unit: Currency: RMB

aging	Ending balance		Opening Balance	
	the amount	Ratio (%)	the amount	Ratio (%)
within 1 year	376,983,224.18	83.20	371,167,884.44	85.37
1 to 2 years	58,085,783.13	12.82	50,344,050.96	11.58
2 to 3 years	14,848,360.51	3.28	11,449,574.90	2.63
3 to 4 years	2,674,234.09	0.59	742,045.11	0.17
over 4 years	517,383.24	0.11	1,064,786.13	0.25
total	453,108,985.15	1 00.00	434,768,341.54	100.00

on the reasons why the prepayments with an age of more than 1 year and an important amount were not settled in time :

none

(2). **Prepayments of the top five end-of-period balances grouped by prepayment objects**

√ Applicable ☐not applicable

company name	Ending balance	Proportion to the total ending balance of prepayments (%)
Supcon Industrial Park Operation Management Co., Ltd.	12,292,331.05	2.71
Jiangsu Shangshang Cable Group Co., Ltd.	10,036,096.39	2.21
Shandong Dongbo Equipment Manufacturing and Installation Co., Ltd.	8,391,983.07	1.85
Shanghai Fraser Valve Co., Ltd.	7,376,801.15	1.63
Shanghai Lanyu Electromechanical	6,567,000.00	1.45

Equipment Co., Ltd.		
total	44,664,211.66	9.85

other instructions

□Applicable √not applicable

(8) other receivables

project list

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
other receivables	106,807,412.89	93,303,006.06
total	106,807,412.89	93,303,006.06

other instructions:

□Applicable √not applicable

interest receivable

(1). **Classification of interest receivable**

□Applicable √not applicable

(2). **Important Overdue Interest**

□Applicable √not applicable

(3). **Provision for bad debts**

□Applicable √not applicable

other instructions:

□Applicable √not applicable

(1). **dividend receivable**

□Applicable √not applicable

(2). **Important dividends receivable aged over 1 year**

□Applicable √not applicable

(3). **Provision for bad debts**

□Applicable √not applicable

other instructions:

□Applicable √not applicable

other receivables

(4). **Disclosure by age**

√ Applicable □not applicable

Unit: Currency: RMB

aging	Closing book balance
within 1 year	

Among them: sub-items within 1 year	
within 1 year	84,361,270.05
Subtotal within 1 year	84,361,270.05
1 to 2 years	18,205,894.62
2 to 3 years	13,108,752.00
3 to 4 years	2,756,936.98
over 4 years	6,528,567.95
total	124,961,421.60

(5). **Classification by nature of payment**

√ Applicable ☐not applicable

Unit: Currency: RMB

Nature of payment	Closing book balance	Opening book balance
security deposit	83,883,590.54	75,768,381.45
Employee loan	14,212,941.25	14,315,747.06
Lease receivable	10,121,241.41	7,768,320.25
reserve fund	7,703,607.02	3,696,322.81
Withholding payment	4,095,398.65	3,411,746.58
Temporary payment receivable	2,774,145.03	2,034,604.80
service charge receivable	503,705.30	598,014.60
other	1,666,792.40	659,693.63
total	124,961,421.60	108,252,831.18

(6). **Provision for bad debts**

√ Applicable ☐not applicable

Unit: Currency: RMB

Bad debt provision	The first stage	second stage	The third phase	total
	Expected credit losses in the next 12 months	Expected credit losses throughout the duration (no credit impairment occurred)	Lifetime expected credit loss (credit impairment has occurred)	
January 1, 2023 balance	3,554,341.89	2,249,244.45	9,146,238.78	14,949,825.12
January 1, 2023 balance in current period				
-- Go to the second stage	-910,294.73	910,294.73		
-- Go to the third stage		-1,310,875.20	1,310,875.20	

-- Go back to the second stage				
-- Go back to the first stage				
Accrual for this period	1,551,138.88	-28,074.52	1,658,241.76	3,181,306.12
Transfer back in this period				
Resell this issue				
Write off in this period				
other changes	22,877.47			22,877.47
June 30, 2023 balance	4,218,063.51	1,820,589.46	12,115,355.74	18,154,008.71

[Note] Other changes are mainly caused by changes in the scope of consolidation;

Explanation on the significant changes in the book balance of other receivables with changes in loss provisions in the current period:

□Applicable √not applicable

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:

□Applicable √not applicable

(7). **Provision for bad debts**

√ Applicable □not applicable

Unit: Currency: RMB

category	Opening Balance	Amount of change in the current period				Ending balance
		Provision	withdraw or transfer back	Write-off or write-off	other changes	
Provision for bad debts by portfolio	14,949,825.12	3,181,306.12			22,877.47	18,154,008.71
total	14,949,825.12	3,181,306.12			22,877.47	18,154,008.71

Among them, the amount of bad debt provision reversed or recovered in the current period is important:

□Applicable √not applicable

(8). **Other receivables actually written off in the current period**

□Applicable √not applicable

(9). **Other receivables of the top five ending balances collected by debtors**

√ Applicable □not applicable

Unit: Currency: RMB

company name	nature of payment	Ending balance	aging	Proportion to the total ending balance of other receivables (%)	Bad debt provision Ending balance
Hangzhou Intermediate People's Court	security deposit	15,000,000.00	within 1 year	12.00	750,000.00
Hangzhou Shangkun Binchuang Technology Co., Ltd.	Lease receivable	5,305,147.95	within 1 year	4.25	265,257.40
Management Committee of Fuyang Economic and Technological Development Zone	security deposit	4,100,000.00	2-3 years	3.28	1,230,000.00
Supcon Industrial Park Operation Management Co., Ltd.	security deposit	3,678,595.00	within 1 year	2.94	183,929.75
Hangzhou Yulan Technology Service Co., Ltd.	Lease receivable	3,137,308.69	within 1 year	2.51	156,865.43
		1,676,784.77	1-2 years	1.34	167,678.48
total	/	32,897,836.41	/	26.32	2,753,731.06

(10). Accounts receivable involving government grants

□Applicable √not applicable

(11). Other receivables derecognized due to transfer of financial assets

□Applicable √not applicable

(12). The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

□Applicable √not applicable

Other notes:

□Applicable √not applicable

(9) stock

(1). **Inventory classification**

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance			Opening Balance		
	Book balance	for inventory decline / contract performance cost impairment provision	Book value	Book balance	for inventory decline / contract performance cost impairment provision	Book value
raw material	1,171,904,220.97	25,190,160.14	1,146,714,060.83	1,003,894,833.82	11,836,203.81	992,058,630.01
in product	137,734,339.65	3,272,702.16	134,461,637.49	73,777,056.35	424,897.05	73,352,159.30
Inventory	299,298,835.68	1,697,011.36	297,601,824.32	211,995,238.94	3,072,395.67	208,922,843.27
release products	2,530,469,485.72	12,807,651.78	2,517,661,833.94	2,455,558,737.07	8,017,053.39	2,447,541,683.68
total	4,139,406,882.02	42,967,525.44	4,096,439,356.58	3,745,225,866.18	23,350,549.92	3,721,875,316.26

(2). Provision for inventory decline and contract performance cost impairment provision

√ Applicable □not applicable

Unit: Currency: RMB

project	Opening Balance	Amount of increase in this period		Decrease in current period		Ending balance
		Provision	other	transfer back or resell	other	
raw material	11,836,203.81	4,064,345.71	9,904,313.43	614,702.81		25,190,160.14
in product	424,897.05	3,136,093.55		288,288.44		3,272,702.16
Inventory	3,072,395.67	-1,373,883.53		1,500.78		1,697,011.36
release products	8,017,053.39	5,588,348.81		797,750.42		12,807,651.78
total	23,350,549.92	11,414,904.54	9,904,313.43	1,702,242.45		42,967,525.44

[Note] Other changes added in this period were mainly due to changes in the scope of consolidation;

The specific basis for determining the net realizable value, the reason for the reversal or write-off of the inventory depreciation reserve in the current period

project	Specific basis for determining net realizable value	Reasons for writing off the provision for inventory decline in value in the current period
raw material	Net realizable value is determined by the estimated selling price of the relevant finished product minus the estimated cost to be incurred until completion, estimated sales expenses and relevant taxes	Inventory scrapping disposal and production receipt for inventory depreciation provision accrued in previous years
in product		Inventory scrapping disposal and production receipt for inventory depreciation provision accrued in previous years
Inventory	The net realizable value is determined by the amount after deducting the estimated selling expenses and relevant taxes from the relevant selling price or contract price	Inventory scrapping and sales for which inventory depreciation reserves were withdrawn in previous years
release products		Inventories for which inventory depreciation reserves were withdrawn in previous years were sold or disposed of in the current period

(3). Explanation on the capitalized amount of borrowing costs included in the ending balance of inventories

□Applicable √not applicable

(4). Explanation on the amortization amount of the contract performance cost in the current period

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(10) contract assets

(1). Contract assets

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Warranty deposit receivable	514,911,711.72	67,125,189.98	447,786,521.74	404,266,970.96	34,746,986.94	369,519,984.02
total	514,911,711.72	67,125,189.98	447,786,521.74	404,266,970.96	34,746,986.94	369,519,984.02

(2). The amount and reasons for significant changes in book value during the reporting period

☐Applicable √not applicable

(3). Provision for impairment of contract assets in the current period

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Accrual for this period	Transfer back in this period	Write-off/write-off in current period	reason
Individual provision for impairment				
Provision for impairment by combination	32,378,203.04			
total	32,378,203.04			/

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(11) Assets held for sale

☐Applicable √not applicable

(12) Non-current assets due within one year

☐Applicable √not applicable

(13) other current assets

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Financial product		400,000,000.00
Prepaid VAT	21,854,485.88	13,022,474.41
prepaid rent	353,815.28	801,229.27
Prepayment of corporate income tax	781,068.41	100,963.17
total	22,989,369.57	413,924,666.85

other instructions:

none

(14) Debt investment

(1). **Debt investment**

☐Applicable √not applicable

(2). **Important debt investment at the end of the period**

☐Applicable √not applicable

(3). **Withdrawal of provision for impairment**

☐Applicable √not applicable

(15) Other debt investment

(1). **Other debt investment**

☐Applicable √not applicable

(2). **Important other debt investments at the end of the period**

☐Applicable √not applicable

(3). **Withdrawal of provision for impairment**

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(16) Long-term receivables

(1) **Long-term receivables**

☐Applicable √not applicable

(2) **Provision for bad debts**

☐Applicable √not applicable

(3) Long-term receivables derecognized due to transfer of financial assets

□Applicable √not applicable

(4) Amount of assets and liabilities formed by transferring long-term receivables and continuing involvement

□Applicable √not applicable

other instructions:

□Applicable √not applicable

(17) Long-term equity investment

√ Applicable □not applicable

Unit: Currency: RMB

Invested unit	Beginning balance	Changes in current period								end of period balance	Closing balance of provision for impairment
		additional investment	reduce investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment	other		
1. Joint venture											
Subtotal											
2. Joint venture											
SUPCON Global Technology (Hangzhou) Co., Ltd. [Note]	11,543,721.94			-3,115,595.36		4,324,147.20				12,752,273.78	
Jiaxing Industrial Internet Innovation Center Co., Ltd.	753,868.99			-277,557.74						476,311.25	
Petrochemical Yingke Information Technology Co., Ltd.	588,292,020.91			30,540,700.71	50,135.64					618,882,857.26	
Zhongyi Wood Engineering Co., Ltd.	70,941,653.90			2,620,224.09		-42,152.00				73,519,725.99	
Zhejiang Supcon Ruixin	5,301,163.33			440,230.26						5,741,393.59	

Intelligent Technology Co., Ltd.											
Shenzhen Shengchao Intelligent Information Technology Co., Ltd.	5,056,589.75			-2,015,865.27						3,040,724.48	
Zhejiang Zhongju Smart Technology Co., Ltd.		2,000,000.00		337,331.70						2,337,331.70	
Anhui Huayi Central Control Technology Co., Ltd.		3,500,000.00		-366,861.35						3,133,138.65	
Beijing Dameisheng Software Co., Ltd.		139,240,506.00		-1,843,834.49						137,396,671.51	
Subtotal	681,889,018.82	144,740,506.00		26,318,772.55	50,135.64	4,281,995.20				857,280,428.21	
total	681,889,018.82	144,740,506.00		26,318,772.55	50,135.64	4,281,995.20				857,280,428.21	

other instructions

[Note] Formerly known as Zhejiang Quanshi Technology Co., Ltd.

(18) Investment in other equity instruments

(1). **Investment in other equity instruments**

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Investment in non-trading equity instruments	24,113,692.31	14,113,692.31
total	24,113,692.31	14,113,692.31

(2). **Investment in non-trading equity instruments**

□Applicable √not applicable

Other notes :

□Applicable √not applicable

(19) Other non-current financial assets

□Applicable √not applicable

(20) investment property

Investment real estate measurement model

(1). **Investment real estate adopting cost measurement model**

Unit: Currency: RMB

project	building	Land use rights	total
1. Original book value			
1. Opening balance	106,226,075.43	8,158,890.11	114,384,965.54
2. Increased amount in this period	128,200.84	29,067.49	157,268.33
(1) Outsourcing			
(2) Inventory\fixed assets\construction in progress transfer-in	128,200.84	29,067.49	157,268.33
(3) Increase in business mergers			
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	106,354,276.27	8,187,957.60	114,542,233.87
2. Accumulated depreciation and accumulated amortization			
1. Opening balance	35,087,412.50	2,258,241.98	37,345,654.48
2. Increased amount in this period	1,622,831.37	92,125.38	1,714,956.75
(1) Accrual or amortization	1,591,670.12	85,665.93	1,677,336.05
(2) Transferred into fixed assets/intangible assets	31,161.25	6,459.45	37,620.70

3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance	36,710,243.87	2,350,367.36	39,060,611.23
3. Provision for impairment			
1. Opening balance			
2. Increased amount in this period			
(1) Accrual			
3. Decrease in current period			
(1) Disposal			
(2) Other transfer out			
4. Closing balance			
4. Book value			
1. Ending book value	69,644,032.40	5,837,590.24	75,481,622.64
2. Beginning book value	71,138,662.93	5,900,648.13	77,039,311.06

(2). **The situation of investment real estate that has not completed the title certificate:**

□Applicable √not applicable

other instructions

□Applicable √not applicable

(21) fixed assets

project list

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
fixed assets	324,241,843.62	313,282,418.64
Fixed Assets Clearance		
total	324,241,843.62	313,282,418.64

other instructions:

none

fixed assets

(1). Fixed assets

√ Applicable □not applicable

Unit: Currency: RMB

project	houses and buildings	General Equipment	Professional setting	means of transport	total
1. Original book value:					
1. Opening balance	221,423,845.07	78,416,424.26	203,376,081.72	15,172,256.70	518,388,607.75
2. Increased amount in this period	160,169.63	9,049,940.62	27,777,986.42	1,661,770.02	38,649,866.69
(1) Purchase	160,169.63	6,221,888.15	21,638,400.53	1,661,770.02	29,682,228.33

(2) Transfer of construction in progress			6,139,585.89		6,139,585.89
(3) Increase in business mergers		2,828,052.47			2,828,052.47
3. Decrease in current period	128,200.84	1,590,962.00	1,120,350.45	593,110.55	3,432,623.84
(1) Disposal or scrapping		1,576,874.24	1,120,350.45	593,110.55	3,290,335.24
(2) Transferred into investment real estate	128,200.84				128,200.84
(3) Foreign currency translation		14,087.76			14,087.76
4. Closing balance	221,455,813.86	85,875,402.88	230,033,717.69	16,240,916.17	553,605,850.60
2. Accumulated depreciation					
1. Opening balance	78,692,995.86	36,083,125.63	82,069,473.82	8,260,593.80	205,106,189.11
2. Increased amount in this period	4,363,193.76	8,329,360.18	13,453,722.69	626,332.55	26,772,609.18
(1) Accrual	4,363,193.76	6,979,147.38	13,453,722.69	626,332.55	25,422,396.38
(2) Increase in business mergers		1,350,212.80			1,350,212.80
3. Decrease in current period	31,161.25	1,252,306.02	775,185.39	456,138.65	2,514,791.31
(1) Disposal or scrapping		1,241,121.89	775,185.39	456,138.65	2,472,445.93
(2) Transferred into investment real estate	31,161.25				31,161.25
(3) Foreign currency translation		11,184.13			11,184.13
4. Closing balance	83,025,028.37	43,160,179.79	94,748,011.12	8,430,787.70	229,364,006.98
3. Provision for impairment					
1. Opening balance					
2. Increased amount in this period					
(1) Accrual					
3. Decrease in current period					
(1) Disposal or scrapping					
4. Closing balance					
4. Book value					
1. Ending book value	138,430,785.49	42,715,223.09	135,285,706.57	7,810,128.47	324,241,843.62
2. Beginning book value	142,730,849.21	42,333,298.63	121,306,607.90	6,911,662.90	313,282,418.64

(2). Temporarily idle fixed assets

□Applicable √not applicable

(3). Fixed assets rented in through financial lease

□Applicable √not applicable

(4). Fixed assets leased out through operating leases

☐Applicable √not applicable

(5). Fixed assets without title certificates

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

Fixed Assets Clearance

☐Applicable √not applicable

(22) Construction in progress

project list

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Construction in progress	196,437,715.61	125,396,841.95
Engineer material		
total	196,437,715.61	125,396,841.95

other instructions:

none

Construction in progress

(1). **Construction in progress**

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Fuyang Industrial Park - Phase II Expansion Project	172,587,482.13		172,587,482.13	101,176,658.46		101,176,658.46
Intelligent control valve factory digital transformation relocation and expansion project	15,049,610.48		15,049,610.48	19,082,568.81		19,082,568.81

Intelligent control valve research and development center project	5,600,000.00		5,600,000.00	5,137,614.68		5,137,614.68
Mechanical three-dimensional parking garage	3,200,623.00		3,200,623.00			
total	196,437,715.61		196,437,715.61	125,396,841.95		125,396,841.95

(2). Changes in important construction projects in the current period

√ Applicable ☐not applicable

Unit: Currency: RMB

project name	Budget	Beginning balance	Amount of increase in this period	Amount transferred to fixed assets in the current period	Other decrease in current period	end of period balance	Proportion of cumulative project investment to budget (%)	project progress	Accumulated amount of interest capitalized	Including: capitalized amount of interest in the current period	Current interest capitalization rate (%)	Sources of funds
Fuyang Industrial Park - Phase II Expansion Project	510,000,000.00	101,176,658.46	71,410,823.67			172,587,482.13	42.50	53.20 %				private capital
Intelligent control valve factory digital transformation relocation and expansion project	29,000,000.00	19,082,568.81	2,106,627.56	6,139,585.89		15,049,610.48	82.27	80.00 %				Fund raising

Intelligent control valve research and development center project	7,000,000.00	5,137,614.68	462,385.32			5,600,000.00	87.20	80.00 %				Fund raising
Mechanical three-dimensional parking garage	3,974,400.00		3,200,623.00			3,200,623.00	87.78	95.00 %				private capital
total	549,974,400.00	125,396,841.95	77,180,459.55	6,139,585.89		196,437,715.61	/	/			/	/

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

□Applicable √not applicable

other instructions

□Applicable √not applicable

Engineer material

□Applicable √not applicable

(23) productive biological assets

(1). Productive biological assets using the cost measurement model

□Applicable √not applicable

(2). Productive biological assets using the fair value measurement model

□Applicable √not applicable

other instructions

□Applicable √not applicable

(24) Oil and gas assets

□Applicable √not applicable

(25) right-of-use asset

√ Applicable □not applicable

Unit: Currency: RMB

project	houses and buildings	total
1. Original book value		
1. Opening balance	51,376,028.30	51,376,028.30
2. Increased amount in this period	16,735,763.98	16,735,763.98
(1) Purchase	15,309,044.94	15,309,044.94
(2) Increase in business mergers	1,426,719.04	1,426,719.04
3. Decrease in current period	24,409,698.14	24,409,698.14
(1) Other	24,409,698.14	24,409,698.14
4. Closing balance	43,702,094.14	43,702,094.14
2. Accumulated depreciation		
1. Opening balance	21,687,331.58	21,687,331.58
2. Increased amount in this period	15,533,596.45	15,533,596.45
(1) Accrual	15,533,596.45	15,533,596.45
3. Decrease in current period	19,840,333.71	19,840,333.71

(1) Other	19,840,333.71	19,840,333.71
4. Closing balance	17,380,594.32	17,380,594.32
3. Provision for impairment		
1. Opening balance		
2. Increased amount in this period		
(1) Accrual		
3. Decrease in current period		
(1) disposal		
4. Closing balance		
4. Book value		
1. Ending book value	26,321,499.82	26,321,499.82
2. Beginning book value	29,688,696.72	29,688,696.72

other instructions:
none

(26) intangible assets

(1). **Intangible assets**

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Land use rights	software	patent	Unpatented technology	customer relations	total
1. Original book value						
1. Opening balance	61,786,123.64	86,034,377.19		4,177,060.41		151,997,561.24
2. Increased amount in this period		14,183,945.79	1,016,762.81		10,510,000.00	25,710,708.60
(1) purchase		13,810,927.44	1,016,762.81		10,510,000.00	25,337,690.25
(2) Internal R&D						
(3) Increase in business mergers		372,796.28				372,796.28
(4) Foreign currency conversion		222.07				222.07
3. Decrease in current period	29,067.49	19,413.05				48,480.54
(1) Disposal		19,413.05				19,413.05
(2) Transferred into investment real estate	29,067.49					29,067.49
(3) Foreign currency conversion						
4. Closing balance	61,757,056.15	100,198,909.93	1,016,762.81	4,177,060.41	10,510,000.00	177,659,789.30
2. Accumulated						

amortization						
1. Opening balance	9,120,556.56	23,673,068.11		4,177,060.41		36,970,685.08
2. Increased amount in this period	649,263.95	7,954,043.52	8,473.02		87,583.33	8,699,363.82
(1) Accrual	649,263.95	7,634,652.70	8,473.02		87,583.33	8,379,973.00
(2) Increase in business mergers		319,390.82				319,390.82
3. Decrease in current period	6,459.45	9,440.97				15,900.42
(1) Disposal		9,440.97				9,440.97
(2) Transferred into investment real estate	6,459.45					6,459.45
4. Closing balance	9,763,361.06	31,617,670.66	8,473.02	4,177,060.41	87,583.33	45,654,148.48
3. Provision for impairment						
1. Opening balance						
2. Increased amount in this period						
(1) Accrual						
3. Decrease in current period						
(1) Disposal						
4. Closing balance						
4. Book value						
1. Ending book value	51,993,695.09	68,581,239.27	1,008,289.79		10,422,416.67	132,005,640.82
2. Beginning book value	52,665,567.08	62,361,309.08				115,026,876.16

The proportion of intangible assets formed through the company's internal research and development to the balance of intangible assets at the end of the period is 0 %

(2). Situation of land use right without title certificate

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(27) development expenditure

☐Applicable √not applicable

(28) Goodwill

(1). Original book value of goodwill

√ Applicable ☐not applicable

Unit: Currency: RMB

The name of the invested unit or matters forming goodwill	Opening Balance	increase in this period	Decrease in this period	Ending balance
		formed by a business combination	deal with	
Hobré International BV		168,009,248.41		168,009,248.41
total		168,009,248.41		168,009,248.41

(2). Goodwill impairment provision

☐Applicable √not applicable

(3). Information about the asset group or combination of asset groups where the goodwill is located

☐Applicable √not applicable

(4). Explain the goodwill impairment testing process, key parameters (such as the forecast period growth rate, stable period growth rate, profit margin, discount rate, forecast period, etc., if applicable) and goodwill impairment loss when estimating the present value of future cash flows Confirmation method

☐Applicable √not applicable

(5). Impact of goodwill impairment testing

☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(29) Long-term prepaid expenses

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Opening Balance	Amount of increase in this period	Amortization amount in current period	Other reductions	Ending balance
Renovation costs	33,204,113.82	13,430,106.75	5,522,544.88		41,111,675.69
road improvement	1,965,267.91		268,284.94		1,696,982.97
total	35,169,381.73	13,430,106.75	5,790,829.82		42,808,658.66

other instructions:

none

(30) Deferred tax assets/ deferred tax liabilities

(1). **Deferred tax assets not offset**

√ Applicable □not applicable

Unit: Yuan Currency: RMB

project	Ending balance		Opening Balance	
	deductible temporary difference	Deferred income tax assets	deductible temporary difference	Deferred income tax assets
Impairment of assets	304,457,800.95	37,810,519.58	250,467,399.63	31,724,585.11
Unrealized profits from internal transactions	59,857,264.37	6,239,520.55	59,563,052.46	6,532,052.71
deductible loss	77,658,416.71	19,212,605.95		
Deferred income	69,675,209.29	7,276,373.04	64,074,039.06	6,725,668.57
total	511,648,691.32	70,539,019.12	374,104,491.15	44,982,306.39

(2). **Deferred tax liabilities not offset**

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance		Opening Balance	
	taxable temporary difference	Deferred income tax debt	taxable temporary difference	Deferred income tax debt
Appraisal value-added of assets in business combinations not under common control	11,430,706.43	2,949,122.26		
Accelerated depreciation of fixed assets	9,666,476.33	1,059,084.40	10,450,355.83	1,141,316.52
total	21,097,182.76	4,008,206.66	10,450,355.83	1,141,316.52

(3). **Deferred income tax assets or liabilities presented on a net amount after offset**

□Applicable √not applicable

(4). **unrecognized deferred income tax assets**

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
deductible temporary difference	85,926,053.05	52,285,044.53
deductible loss	148,258,811.50	140,512,607.38
total	234,184,864.55	192,797,651.91

(5). Deductible losses for unrecognized deferred tax assets will expire in the following years

√ Applicable ☐not applicable

Unit: Currency: RMB

years	Ending amount	Beginning amount	Remark
2023	7,166,894.63	7,166,894.63	
2024	3,114,370.75	3,114,370.75	
2025	9,204,810.43	17,863,724.47	
2026	61,812,047.61	66,919,320.17	
2027	30,097,464.14	45,448,297.36	
2028	36,863,223.94		
total	148,258,811.50	140,512,607.38	/

other instructions:
☐Applicable √not applicable

(31) Other non-current assets

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for engineering equipment	21,170,072.61		21,170,072.61	23,780,114.04		23,780,114.04
total	21,170,072.61		21,170,072.61	23,780,114.04		23,780,114.04

other instructions:
none

(32) short-term loan

(1). Classification of short-term loans

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Credit loan	201,000,000.00	101,000,000.00
bill discount loan	1,740,000.00	4,012,598.18
Accounts Receivable Factoring	620,000.00	1,137,947.20
Interest payable and unpaid on short-term loans	150,416.67	80,250.00
total	203,510,416.67	106,230,795.38

Explanation of the classification of short-term loans:
none

(2). Overdue short-term loans
☐Applicable √not applicable

other instructions:

☐Applicable √not applicable

(33) Trading financial liabilities
☐Applicable √not applicable

(34) derivative financial liabilities
☐Applicable √not applicable

(35) Notes payable
√ Applicable ☐not applicable

Unit: Currency: RMB

type	Ending balance	Opening Balance
banker's acceptance	1,039,793,149.05	992,587,518.08
total	1,039,793,149.05	992,587,518.08

At the end of the period, the total amount of bills payable that have expired but not paid is 0 yuan.

(36) Accounts Payable

(1). List of accounts payable
√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
payment	2,137,682,369.42	2,263,881,024.26
Engineering equipment	90,388,701.61	51,290,072.34
Expenses	3,507,371.58	3,237,264.21
total	2,231,578,442.61	2,318,408,360.81

(2). Important accounts payable aged over 1 year
☐Applicable √not applicable

Other notes:
☐Applicable √not applicable

(37) advance payment

(1). List of advance receipts

☐Applicable √not applicable

(2). **Important advance receipts aged over 1 year**
☐Applicable √not applicable

other instructions:
☐Applicable √not applicable

(38) contract liabilities

(1). **Contract liabilities**
√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
payment	2,589,994,086.95	2,620,149,203.20
total	2,589,994,086.95	2,620,149,203.20

(2). **The amount and reasons for significant changes in book value during the reporting period**
☐Applicable √not applicable

other instructions:
☐Applicable √not applicable

(39) Payroll payable

(1). **List of employee salaries payable**
√ Applicable ☐not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance
1. Short-term salary	375,076,566.19	817,376,722.06	1,010,955,291.96	181,497,996.29
2. Post-employment benefits - defined contribution plan	5,856,536.53	53,118,406.64	51,964,195.03	7,010,748.14
total	380,933,102.72	870,495,128.70	1,062,919,486.99	188,508,744.43

(2). **List of short-term salary**
√ Applicable ☐not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance

1. Wages, bonuses, allowances and subsidies	357,390,147.96	700,860,902.72	890,041,808.41	168,209,242.27
2. Employee benefits	299,045.96	33,918,173.95	33,898,580.33	318,639.58
3. Social insurance premiums	4,884,962.01	33,046,618.70	33,502,779.75	4,428,800.96
Of which: medical insurance premiums	4,790,821.01	31,855,039.64	32,320,097.88	4,325,762.77
work injury insurance	87,683.75	915,184.41	905,131.02	97,737.14
maternity insurance	6,457.25	276,394.65	277,550.85	5,301.05
4. Housing provident fund	413,921.93	41,678,594.19	41,466,257.10	626,259.02
5. Trade union funds and employee education funds	12,088,488.33	7,872,432.50	12,045,866.37	7,915,054.46
total	375,076,566.19	817,376,722.06	1,010,955,291.96	181,497,996.29

(3). Set the list of withdrawal plans

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance
1. Basic endowment insurance	5,655,206.51	51,258,676.04	50,127,910.34	6,785,972.21
2. Unemployment insurance premium	201,330.02	1,859,730.60	1,836,284.69	224,775.93
total	5,856,536.53	53,118,406.64	51,964,195.03	7,010,748.14

other instructions:

☐Applicable √not applicable

(40) Taxes payable

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
VAT	167,066,522.83	119,303,448.69
corporate income tax	28,209,009.59	26,835,227.17
Personal Income Tax	32,517,404.39	21,607,402.76
Urban maintenance and construction tax	2,347,192.96	3,528,712.33
stamp duty	2,017,666.72	2,409,260.62

Education surcharge	1,005,939.83	1,512,331.81
property tax	902,971.25	1,119,962.32
land holding tax	753,672.00	1,031,992.00
Local education surcharges	670,626.59	1,008,221.21
Local Water Conservancy Construction Fund	2,963.25	2,945.96
total	235,493,969.41	178,359,504.87

other instructions:

none

(41) Other payables

project list

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Other payables	125,207,878.60	93,507,790.90
total	125,207,878.60	93,507,790.90

other instructions:

none

Interest payable

☐Applicable √not applicable

Dividends payable

☐Applicable √not applicable

Other payables

(1). List other payables by nature of payment

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
payable unpaid	99,735,153.55	81,830,044.52
security deposit	8,495,283.67	7,334,083.56
Suspended collection payable	6,590,914.87	1,264,373.11
Withholding payment	9,854,820.18	2,651,810.57
other	531,706.33	427,479.14
total	125,207,878.60	93,507,790.90

(2). Important other payables aged over 1 year

☐Applicable √not applicable

other instructions:

□Applicable √not applicable

(42) Liabilities held for sale

□Applicable √not applicable

(43) Non-current liabilities due within 1 year

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Long-term loans due within 1 year	500,000,000.00	500,000,000.00
Lease liabilities due within 1 year	9,346,530.26	13,742,140.67
unpaid interest payable	402,777.78	443,055.56
total	509,749,308.04	514,185,196.23

other instructions:

none

(44) Other current liabilities

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Endorsed and undue notes receivable (not derecognized)	470,181,860.03	437,170,631.22
Tax on items to be resold	13,364,336.20	22,282,869.67
total	483,546,196.23	459,453,500.89

short-term bonds payable :

□Applicable √not applicable

other instructions:

□Applicable √not applicable

(45) Long term loan

(1). **Classification of long-term loans**

□Applicable √not applicable

Additional instructions, including interest rate bands:

□Applicable √not applicable

(46) Bonds payable

(1). **Bonds Payable**
□Applicable √not applicable

(2). **Changes in increases and decreases in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)**
□Applicable √not applicable

(3). **Description of conversion conditions and conversion time of convertible corporate bonds**
□Applicable √not applicable

(4). **Description of other financial instruments classified as financial liabilities**
Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period
□Applicable √not applicable

Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period
□Applicable √not applicable

Explanation of the basis for the classification of other financial instruments into financial liabilities
□Applicable √not applicable

other instructions:
□Applicable √not applicable

(47) lease liability
√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
Realtor	18,626,702.28	17,477,346.29
total	18,626,702.28	17,477,346.29

other instructions:
none

(48) Long-term payables
project list
□Applicable √not applicable

Long-term payables
□Applicable √not applicable

Special Payables

□Applicable √not applicable

(49) Long-term salary payable

□Applicable √not applicable

(50) Estimated liabilities

√ Applicable □not applicable

Unit: Currency: RMB

project	Opening Balance	Ending balance	Cause
product quality assurance		5,613,505.04	product quality assurance
total		5,613,505.04	/

Other explanations, including relevant important assumptions and estimation explanations of important estimated liabilities:

none

(51) Deferred income

Deferred income

√ Applicable □not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance	Cause
government subsidy	64,074,039.06	49,072,300.00	40,148,621.42	72,997,717.64	received subsidy
total	64,074,039.06	49,072,300.00	40,148,621.42	72,997,717.64	/

other instructions:

√ Applicable □not applicable

Details of government subsidies

Unit : Yuan Currency: RMB

project	Opening balance	The new subsidy amount in this period	Included in the current profit and loss in the current period [Note]	Other changes[Note]	Ending balance	Asset-Related/Revenue-Related
Intelligent factory overall solution application promotion project	3,589,745.04		1,666,304.36		1,923,440.68	related to assets
Development of automatic control device for laparoscopic surgery	273,420.68		17,597.73		255,822.95	related to income

Development of automatic control device for laparoscopic surgery	23,278.25				23,278.25	related to assets
Machine development and industrialization of safe and controllable industrial control system	582,567.47		19,894.89		562,672.58	related to income
Machine development and industrialization of safe and controllable industrial control system	283,425.64				283,425.64	related to income
Industrial Control System Information Security Testing	352,601.19		74,411.66		278,189.53	related to assets
Improvement and application of core technical capabilities of built-in security in industrial control systems	5,036,929.20		1,192,576.17		3,844,353.03	related to assets
Industrial Internet security standard system and test environment	178,030.52		74,759.54		103,270.98	related to assets
Research on Comprehensive Security Assessment and Certification Technology and Class Guarantee System of Industrial Control System	32,448.62		9,942.21		22,506.41	related to income
Research and application of intelligent modeling technology for traditional Chinese medicine pharmaceutical process	319,119.37		27,389.04		291,730.33	related to income
Application of new model in intelligent production workshop of solid-state liquor	203,882.95		23,838.28		180,044.67	related to assets
Intelligent controller product development and demonstration	263,448.94		28,420.62		235,028.32	related to income
Research on Functional Safety Technology of	32,224.61		32,224.61			related to income

Smart Factory						
IoT device and network performance visualization monitoring platform and demonstration application	1,041,218.04		4,430.83		1,036,787.21	related to income
Research and application of key technologies of high-level safety integrity control system	241,581.64		40,157.13		201,424.51	related to income
Research on System Architecture, Service and Control Model of Distributed Cooperative Control in Smart Factory	11,476.21				11,476.21	related to income
Industrial Internet Based on Edge Computing Programmable Logic Controller (PLC)		840,000.00	33,146.43		806,853.57	related to income
Integration and demonstration application of network collaborative manufacturing support platform for process industry	735,862.97				735,862.97	related to income
(Municipal support) Comprehensive test method and platform for field-level Internet of Things equipment	15,033.68				15,033.68	related to income
supET Industrial Internet Platform Experimental Test Environment Construction Project	324,415.69		279,007.30		45,408.39	related to income
Large-scale joint distributed control system (DCS) development and demonstration application project for petrochemical industry	5,168,950.19	13,600,000.00	2,440,292.18		16,328,658.01	related to income
Clean high-performance leather chemicals smart manufacturing plant	15,962.46		1,874.78		14,087.68	related to income
Research and development	714,899.25		145,877.67		569,021.58	related to

and application of high-performance intelligent control system for independent and controllable major projects						income
Development of Endogenous Security Industrial Switch Equipment		200,000.00	71,326.53		128,673.47	related to income
Industrial enterprise network security comprehensive protection platform project	148,238.76		75,880.62		72,358.14	related to income
Development of Mimic Edge Gateway for Industrial Internet	1,025,429.59	900,000.00	339,403.04		1,586,026.55	related to income
Large-scale high-performance PLC research and development and application projects for rail transit	1,078,364.66		159,599.41		918,765.25	related to income
Integrated Demonstration of Operating System in Intelligent Manufacturing Factory in Process Industry	325,869.58		200,868.39		125,001.19	related to income
Edge device access system based on "Industrial Internet Platform + Blockchain"	689,597.33				689,597.33	related to income
Process industry intelligent manufacturing business supports key technologies and system research and development	288,529.98		246,829.98		41,700.00	related to income
Verification and Demonstration of Ethernet Technology for Smart Factory	368,669.98		127,628.53		241,041.45	related to income
Intelligent control system security integrated control technology research and development	411,952.33	150,000.00	561,952.33		0.00	related to income

Security integration enhances key equipment R&D and application verification	4,145,103.51		840,558.46	1,090,000.00	2,214,545.05	related to income
Industrial control systems with built-in safety monitoring	9,280,051.43		3,009,644.49		6,270,406.94	related to income
Key technology and application demonstration of intelligent management and control of large-scale machine and pump system in the whole life cycle based on industrial Internet (saving funds)	4,643,997.25		1,633,150.99		3,010,846.26	related to income
Research and development of key technologies for industrial Internet access based on cloud programming	339,170.26	350,000.00	260,859.81		428,310.45	related to income
PLANTMATE® one-stop industrial Internet service platform	3,017,770.64		458,115.37		2,559,655.27	related to income
Build a public service platform for intelligent manufacturing standard test and verification (integration of 5G new generation information technology and petrochemical industry)	362,054.86		306,542.76		55,512.10	related to income
Development and application of SUPCON's national production SCADA system	83,313.14		66,639.67		16,673.47	related to income
Zhejiang Intelligent Factory Operating System Technology Innovation Center Project	3,560,109.80		2,895,804.38		664,305.42	related to income
Intelligent lean management and control software development of product quality in the whole value chain	8,500,000.00		220,390.26	7,246,800.00	1,032,809.74	related to income

Industrial Internet edge intelligent control system		22,500,000.00	2,450,665.40	8,400,000.00	11,649,334.60	related to income
Research on Multi-information Fusion Intelligent Algorithms and Models for Product Quality Lean Control		443,800.00	51,390.89		392,409.11	related to income
Research on Autonomous and Controllable Compilation Environment and Runtime System		250,000.00	66,103.64		183,896.36	related to income
Wind power main control system network integrated security protection system		260,000.00	80,691.59		179,308.41	related to income
Development of physical entity evaluation device for key parameters of intelligent level of measurement and control equipment		468,500.00	4,536.32		463,963.68	related to assets
5G Industrial Gateway		5,000,000.00	695,350.16	1,500,000.00	2,804,649.84	related to assets
Development and application of instrument based on IMC chip	285,293.35		188,251.31		97,042.04	related to income
General Process Simulation Software		4,110,000.00	47,691.66	739,800.00	3,322,508.34	related to income
Intelligent control valve factory digital transformation relocation and expansion project	6,080,000.00				6,080,000.00	related to assets
Subtotal	64,074,039.06	49,072,300.00	21,172,021.42	18,976,600.00	72,997,717.64	/

[Note] For the details of the amount of government subsidies included in the current profit and loss in the current period, please refer to the description of "VII. 84. Government subsidies" in Section X "Financial Report" of this report;

[Note] Other changes are transferred to relevant co-developers.

(52) Other non-current liabilities

□Applicable √not applicable

(53) share capital

√ Applicable □not applicable

Unit: Currency: RMB

	Opening Balance	Increase or decrease in this change (+, one)					Ending balance
		issued IPO	Bonus shares	provident fund share transfer	other	Subtotal	
total number of shares	499,566,000.00	42,451,018.00		243,907,658.00		286,358,676.00	785,924,676.00

other instructions:

1) According to the twentieth meeting of the fifth session of the board of directors and the seventeenth meeting of the fifth session of the board of supervisors, the " Proposal on the Achievement of the Vesting Conditions for the First Vesting Period of the Company's 2021 Restricted Stock Incentive Plan" was reviewed and approved. As of On June 30, 2023, 945 incentive objects including Ding Xiaobo belonged to a total of 535,018 shares, and the company received a total of 20,940,608.12 yuan of capital contributions paid in currency. Among them, the increase in share capital is 535,018.00 yuan, and the increase in capital reserve (share capital premium) is 20,405,590.12 yuan.

2) According to the twentieth meeting of the fifth board of directors, the seventeenth meeting of the fifth board of supervisors and the 2022 annual general meeting of shareholders, the "Proposal on the 2022 Profit Distribution and Capitalization of Capital Reserve Plan" was reviewed and approved ". The company intends to distribute profits and capitalize on the basis of the total share capital registered on the equity registration date for the implementation of equity distribution. It plans to distribute cash dividends of 7.5 yuan (including tax) to all shareholders for every 10 shares. 4.5 shares were transferred and 243,907,658 shares were transferred.

3) The company will be listed on the Swiss Stock Exchange on April 17, 2023 (Swiss time) , and issue global depositary receipts (Global Depositary Receipts, hereinafter referred to as "GDR"). The total number of GDRs issued this time is 20,958,000 , and the corresponding underlying securities are 41,916,000 A shares of the company, and 3,792,687,871.75 yuan is included in the capital reserve (share premium) .

(54) Other Equity Instruments

(1) Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period

□Applicable √not applicable

(2) Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

□Applicable √not applicable

The increase and decrease of other equity instruments in the current period, the reasons for the changes, and the basis for relevant accounting treatment:

□Applicable √not applicable

other instructions:
□Applicable √not applicable

(55) capital reserve

√ Applicable □not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance
Capital Premium (Equity Premium)	2,488,619,049.35	3,880,016,816.44	243,907,658.00	6,124,728,207.79
Other capital reserves	49,976,214.52	17,018,270.32	38,798,386.55	28,196,098.29
total	2,538,595,263.87	3,897,035,086.76	282,706,044.55	6,152,924,306.08

Other explanations, including the increase and decrease in the current period, and explanations for the reasons for the changes:

1) The capital increase premium of 20,405,590.12 yuan for the option exercise was included in the capital reserve (share capital premium) . For details, please refer to the explanation of the capital increase in the notes to the financial statements , The first exercise period of the restricted stock expires, and at the same time, the originally recognized share-based payment expense of RMB 38,798,386.55 is transferred from the capital reserve (other capital reserve) to the capital reserve (share capital premium).

2) Equity-settled share-based payments of RMB 28,124,968.02 and RMB 12,736,275.12 are included in capital reserves (share premium) and capital reserves (other capital reserves) respectively. For details, please refer to the description of share-based payments in the notes to the financial statements.

3) The company's capital reserve changes of 4,281,995.20 yuan in associates calculated according to the shareholding ratio are included in the capital reserve (other capital reserve).

4) The company will be listed on the Swiss Stock Exchange on April 17, 2023 (Swiss time), issuing global depositary receipts (Global Depositary Receipts, hereinafter referred to as "GDR"). A total of 20,958,000 GDRs were issued this time, and the corresponding underlying securities were 41,916,000 A shares of the company, and 3,792,687,871.75 yuan was included in the capital reserve (share premium).

5) According to the twentieth meeting of the fifth session of the board of directors, the seventeenth meeting of the fifth session of the board of supervisors and the 2022 annual general meeting of shareholders, the "Proposal on the 2022 annual profit distribution and conversion of capital reserves into share capital" was reviewed and approved ". The company intends to distribute profits and capitalize on the basis of the total share capital registered on the equity registration date for the implementation of equity distribution. It plans to distribute cash dividends of 7.5 yuan (including tax) to all shareholders for every 10 shares. 4.5 shares were transferred, 243,907,658 shares were transferred , and the capital reserve (share capital premium) decreased by 243,907,658.00 yuan .

(56) treasury stock

□Applicable √not applicable

(57) Other comprehensive income

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Beginning balance	Amount incurred in this period						end of period balance
		Amount before income tax in the current period	Less: included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Deduct: income tax expense	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss								
2. Other comprehensive income that will be reclassified into profit or loss	-564,553.06	14,806,661.39				14,915,598.64	-108,937.25	14,351,045.58
Includ	146,1	50,135.				50,135.		196,258

ing: Other comprehensive income that can be transferred to profit or loss under the equity method	22.68	64				64		.32
Translation differences of foreign currency financial statements	-710,675.74	14,756,525.75				14,865,463.00	-108,937.25	14,154,787.26
Total other comprehensive income	-564,553.06	14,806,661.39				14,915,598.64	-108,937.25	14,351,045.58

Other explanations, including the adjustment of the initial recognition amount of the hedged item for the effective part of the cash flow hedging profit and loss:

none

(58) Special reserves

□Applicable √not applicable

(59) Surplus reserve

√ Applicable □not applicable

Unit: Currency: RMB

project	Opening Balance	increase in this period	Decrease in this period	Ending balance
Statutory surplus reserve	249,783,000.00			249,783,000.00
total	249,783,000.00			249,783,000.00

Explanation of the surplus reserve, including the increase and decrease in the current period and the reasons for the change:

none

(60) undistributed profit

√ Applicable □not applicable

Unit: Currency: RMB

project	This period	aged
Undistributed profit at the end of the previous period before adjustment	1,970,552,725.02	1,354,220,821.47
Adjust the total amount of undistributed profit at the beginning of the period (increase + , decrease -)		
Adjusted initial undistributed profit	1,970,552,725.02	1,354,220,821.47
Add: Net profit attributable to owners of the parent company in the current period	510,711,580.63	797,929,183.55
Less: Withdrawal of statutory surplus reserve		2,741,000.00
Dividends payable on common stock	406,512,763.50	178,856,280.00
Undistributed profit at the end of the period	2,074,751,542.15	1,970,552,725.02

Adjust the undistributed profit details at the beginning of the period:

1. Due to the retroactive adjustment of the "Accounting Standards for Business Enterprises" and related new regulations, the undistributed profit at the beginning of the period was affected by 0 yuan.
2. Due to the change of accounting policy, the undistributed profit at the beginning of the period was affected by 0 yuan.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected by 0 yuan.
4. Changes in the scope of consolidation due to the same control will affect the undistributed profit at the beginning of the period to RMB 0 .
5. The total undistributed profit at the beginning of the period affected by other adjustments is RMB 0 .

(61) Operating Income and Operating Costs

(1). **Operating income and operating costs**

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period		Amount incurred in the previous period	
	income	cost	income	cost
Main business	3,618,824,551.31	2,440,190,474.73	2,654,293,098.74	1,677,629,949.20

Other business	22,382,413.53	18,456,434.69	12,521,316.87	7,609,079.19
total	3,641,206,964.84	2,458,646,909.42	2,666,814,415.61	1,685,239,028.39

(2). Income from contracts

√ Applicable □not applicable

Unit: Currency: RMB

Contract classification	total
Product Types	
Industrial Automation and Intelligent Manufacturing Solutions	1,958,941,818.70
Instrumentation	204,958,801.34
industrial software	615,252,286.87
Operation and maintenance service	104,779,445.06
S2B platform business	676,018,124.35
other	58,874,074.99
Subtotal _	3,618,824,551.31
Classification by time of commodity transfer	
Recognize revenue at a point in time	3,612,071,149.31
Recognize revenue over a certain period of time	8,576,987.02
Subtotal _	3,620,648,136.33
total	3,620,648,136.33

Description of revenue arising from the contract:

project	Current Amount	Previous amount
Revenue from customer contracts	3,620,648,136.33	2,656,356,579.47
total	3,620,648,136.33	2,656,356,579.47

(3). Description of performance obligations

□Applicable √not applicable

(4). Description of apportionment to remaining performance obligations

□Applicable √not applicable

other instructions:

none

(62) Taxes and surcharges

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Urban maintenance and construction tax	10,198,324.14	9,051,742.74
Education surcharge	4,375,972.89	3,881,546.29
Local education fee surcharge	2,917,315.36	2,587,697.48
property tax	1,711,684.71	1,968,358.15
land holding tax	1,222,708.00	670,144.00
stamp duty	3,649,599.04	1,166,500.71
total	24,075,604.14	19,325,989.37

other instructions:

none

(63) sales expense

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Salary	234,943,873.66	216,032,916.79
travel expenses	47,701,839.08	29,484,389.96
Rental fees	5,924,849.18	5,255,022.79
office expenses	3,249,820.96	2,500,203.09
Depreciation and amortization	6,284,202.42	4,023,766.35
Business Hospitality	22,762,113.70	13,201,412.95
tender fee	3,069,598.87	2,041,028.67
repair fee	1,117,564.56	793,296.12
Advertising fee	6,097,990.27	1,531,848.22
Material consumption	2,625,077.02	2,119,516.47
other	5,038,906.23	2,264,368.88
total	338,815,835.95	279,247,770.29

other instructions:

none

(64) Management costs

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period

Salary	99,029,732.09	85,611,642.09
travel expenses	6,478,206.52	3,182,241.62
Depreciation and amortization	12,427,707.52	11,728,287.36
Fees for technical services	98,678.41	274,522.39
Rental fees	12,961,009.50	6,809,716.43
Business Hospitality	5,821,098.89	3,480,085.53
office expenses	3,653,399.66	1,706,044.07
energy consumption	2,043,499.55	1,552,956.71
Audit Consulting Fee	15,712,684.85	13,906,284.82
maintenance inspection cost	1,861,688.74	1,118,006.00
share payment	40,861,243.14	50,776,441.65
other	2,871,532.93	1,056,395.99
total	203,820,481.80	181,202,624.66

other instructions:
none

(65) R & D costs

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
direct material	11,447,896.35	7,986,866.03
Direct labor	336,477,970.32	234,450,790.62
Depreciation and Amortization	12,476,992.94	7,073,041.48
travel expenses	15,651,751.01	6,853,075.62
other	30,428,927.81	17,924,882.65
total	406,483,538.43	274,288,656.40

other instructions:
none

(66) Financial expenses

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
interest income	-17,237,130.42	-1,450,008.37
interest expense	10,459,147.77	2,501,907.03
handling fee	-645,996.14	1,540,792.88
Exchange gains and losses	-196,330,452.99	-1,433,311.31
total	-203,754,431.78	1,159,380.23

other instructions:

none

(67) other income

√ Applicable □not applicable

Unit: Yuan Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Government grants related to assets [Note]	3,731,776.49	2,054,427.35
Government subsidies related to income [Note]	132,681,292.06 _	96,321,766.19
other	18,727.54	257,004.02
total	136,431,796.09	98,633,197.56

Other notes:

[Note] For details of government subsidies included in other income in the current period, please refer to Note VII. 51. Deferred income and VII. 84. Government subsidies to the financial statements help.

(68) investment income

√ Applicable □not applicable

Unit : Yuan Currency : RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by equity method	26,318,772.55	-2,481,110.37
Other equity instrument investment dividends	492,417.72	
financial income	51,474,764.48	48,691,858.41
Investment income from disposal of trading financial assets	154,206.06	
total	78,440,160.81	46,210,748.04

other instructions:

none

(69) Net exposure hedge gain

□Applicable √not applicable

(70) Gains from changes in fair value

√ Applicable □not applicable

Unit: Currency: RMB

Sources of income from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period

trading financial assets	-73,133.14	
total	-73,133.14	

other instructions:

none

(71) Credit impairment losses

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss on notes receivable	613,242.21	6,913,215.51
Accounts receivable bad debt loss	-26,969,731.66	-7,565,412.58
Bad debt loss of other receivables	-3,181,306.12	-3,496,036.65
total	-29,537,795.57	-4,148,233.72

Other notes :

none

(72) Asset impairment loss

√ Applicable ☐not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
1. Bad debt loss	-32,378,203.04	-18,747,144.90
2. Inventory depreciation loss and contract performance cost impairment loss	-11,414,904.54	-2,810,185.10
total	-43,793,107.58	-21,557,330.00

other instructions:

none

(73) Proceeds from disposal of assets

√ Applicable ☐not applicable

Unit: Yuan Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Gains on Disposal of Fixed Assets	205,539.78	257,335.35
total	205,539.78	257,335.35

Other notes:

□Applicable √not applicable

(74) Non-operating income

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period	The amount included in the current non-recurring profit and loss
Unable to make payment	698,935.37		698,935.37
Liquidated damages income	75,000.00	18,000.00	75,000.00
compensation income	620,816.00	4,200.00	620,816.00
other	7,322.50	35,932.05	7,322.50
total	1,402,073.87	58,132.05	1,402,073.87

other instructions:

□Applicable √not applicable

(75) Operating expenses

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period	The amount included in the current non-recurring profit and loss
Non-current asset damage and scrapping loss	734,211.43	649,647.43	734,211.43
Local Water Conservancy Construction Fund	10,351.12	1,889.61	
external donation	530,000.00		530,000.00
other	20,618.65	321,918.60	20,618.65
total	1,295,181.20	973,455.64	1,284,830.08

other instructions:

none

(76) Income tax expense

(1) **Income Tax Expense Schedule**

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	41,204,690.10	28,021,852.32
Deferred income tax expense	-6,167,614.84	-3,144,500.16
total	35,037,075.26	24,877,352.16

(2) **Accounting Profit and Income Tax Expenses Adjustment Process**

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period
The total profit	554,899,379.94
Income tax expense calculated at statutory / applicable tax rate	55,489,937.99
Impact of different tax rates applicable to subsidiaries	-325,122.02
Effect of adjusting prior period income taxes	2,856,681.26
Impact on non-taxable income	
Effect of non-deductible costs, expenses and losses	1,039,685.48
Impact of using deductible losses of deferred income tax assets not recognized in the previous period	-533,091.86
The impact of deductible temporary differences or deductible losses of deferred income tax assets not recognized in the current period	15,336,097.96
Impact of super deduction expenses	-38,827,113.55
Income tax expense	35,037,075.26

other instructions:

□Applicable √not applicable

(77) Other comprehensive income

√ Applicable □not applicable

See Note VII, 57 for details

(78) Cash Flow Statement Items

(1). **Other cash received related to operating activities**

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Withdrawal of Restricted Funds	23,559,413.41	2,377,296.85
Repayment of employees' house purchase loans	3,020,000.00	3,095,000.00
security deposit	49,159,820.09	38,769,368.44
interest income	17,237,130.42	1,450,008.37
received government subsidies	70,442,594.83	60,959,762.59
Property rental income	26,222,567.24	11,383,121.58
current account		242,109.61
employee reserve fund	1,631,964.65	869,798.09
other	493,946.15	3,240,485.31
total	191,767,436.79	122,386,950.84

Description of other cash received related to operating activities:

none

(2). **Other cash paid related to operating activities**

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Restricted Funds Payment	23,330,776.26	23,326,869.85
Payment of housing loans for employees	2,450,000.00	4,130,000.00
security deposit	58,805,256.53	49,848,374.31
handling fee	4,622,526.79	1,540,792.88
Transfer of partner government subsidies	18,976,600.00	20,620,342.80
cash sales fee	102,537,710.17	84,533,286.12
cash management fee	61,614,127.59	45,082,019.70
cash R & D costs	59,497,274.23	34,131,296.03
current account		31,029.62
employee reserve fund	9,628,280.58	7,307,224.79
external donation	530,000.00	
other	705,338.57	363,051.71
total	342,697,890.72	270,914,287.81

Description of other cash payments related to operating activities:

none

(3). Other cash received related to investment activities

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Take back wealth management products	2,901,500,000.00	4,381,979,749.32
total	2,901,500,000.00	4,381,979,749.32

Notes on other cash received related to investing activities:

none

(4). Other cash paid related to investment activities

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Buy financial products	1,669,500,000.00	3,711,980,000.12
total	1,669,500,000.00	3,711,980,000.12

Description of other cash payments related to investment activities:

none

(5). Other cash received related to financing activities

□Applicable √not applicable

(6). Other cash paid related to financing activities

√ Applicable □not applicable

Unit: Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
GDR issuance fee	10,850,361.45	
lease payments	4,526,127.80	9,120,237.85
Acquisition of Minority Shareholder Equity in a Subsidiary		25,625,500.00
total	15,376,489.25	34,745,737.85

Other descriptions of cash paid related to financing activities:

none

(79) Supplementary Information to Cash Flow Statement

(1) Supplementary Information to Cash Flow Statement

√ Applicable □not applicable

Unit: Currency: RMB

additional materials	Current Amount	Previous amount
1 . Reconcile net income to cash flow from operating activities:		
net profit	519,862,304.68	319,954,007.75
Add: Provision for impairment of assets	43,793,107.58	21,557,330.00
Credit impairment losses	29,537,795.57	4,148,233.72
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	27,014,066.50	19,653,615.17
Amortization of right-of-use assets	15,533,596.45	3,432,688.13
Amortization of intangible assets	8,465,638.93	5,900,496.75
Amortization of long-term deferred expenses	5,790,829.82	2,798,918.30
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are listed with " - ")	-205,539.78	-257,335.35
Losses from scrapping fixed assets (the income is listed with " - ")	734,211.43	649,647.43
Losses from changes in fair value (gains are listed with " - ")	73,133.14	
Financial expenses (receipts are listed with " - ")	-185,871,305.22	1,068,595.72
Investment loss (the income is listed with " - ")	-78,440,160.81	-46,210,748.04
Decrease in deferred income tax assets (increased by " - ")	-6,060,600.18	-3,144,500.16
Increase in deferred income tax liabilities (decrease is marked with " - ")	2,866,890.14	
Decrease in inventory (fill in with " - " for increase)	-287,058,286.79	-597,117,753.63
Decrease in operating receivables (increased by " - ")	-788,184,931.99	-397,117,515.42
Increase in operating payable items (decrease is marked with " - ")	-332,121,221.74	55,163,742.16
other	40,861,243.14	50,776,441.65

Net cash flow from operating activities	-983,409,229.13	-558,744,135.82
2 . Significant investment and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Finance lease fixed assets		
3 . Net changes in cash and cash equivalents:		
Closing balance of cash	4,993,268,439.34	1,173,994,304.57
Less: Opening balance of cash	1,331,224,824.52	1,367,175,277.48
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	3,662,043,614.82	-193,180,972.91

(2) **Net cash paid for acquiring subsidiaries in the current period**

√ Applicable ☐not applicable

Unit: Currency: RMB

	the amount
Cash or cash equivalents paid in the current period for business combination occurred in the current period	106,104,575.20
Of which : Hobré International BV	106,104,575.20
Less: Cash and cash equivalents held by the company on the date of purchase	2,619,015.02
Of which: Hobré International BV	2,619,015.02
Add: cash or cash equivalents paid in the current period for business combinations that occurred in previous periods	
Net cash paid by subsidiaries	103,485,560.18

other instructions:

none

(3) Net cash received from disposal of subsidiaries during the period

(4) □Applicable √not applicable

(5) Composition of cash and cash equivalents

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending balance	Opening Balance
1. Cash	4,993,268,439.34	1,331,224,824.52
Including: cash on hand	96,639.40	98,201.16
Bank deposits ready for payment	4,992,931,759.21	1,330,952,152.87
Funds in other currencies readily available for payment	240,040.73	174,470.49
2. Cash equivalents		
Including: bond investment due within three months		
3. Balance of cash and cash equivalents at the end of the period	4,993,268,439.34	1,331,224,824.52
Including: restricted cash and cash equivalents used by the parent company or subsidiaries within the group		

other instructions:

√ Applicable □not applicable

Explanation of monetary funds other than cash and cash equivalents:

The balance of cash and cash equivalents at the end of the period was 4,993,268,439.34 yuan, and the difference between the balance sheet and the monetary fund item of 5,037,727,604.48 yuan at the end of the period was 44,459,165.14 yuan, which was 39,832,688.84 yuan of guarantee deposits, 3,874,373.86 yuan of note deposits and 752.1 yuan of litigation-related deposits 02.44 yuan does not belong to cash and cash equivalents ;

The balance of cash and cash equivalents at the beginning of the period was RMB 1,331,224,824.52, and the difference between RMB 1,386,855,314.37 and RMB 1,386,855,314.37 at the beginning of the period in the balance sheet was due to the guarantee deposit of RMB 39,285,841.23, bill deposit of RMB 15,592,546.18 and litigation deposit of RMB 752. 102.44 yuan does not belong to cash and cash equivalents .

(80) Notes to Items in the Statement of Changes in Owner's Equity

Explain the name of the "other" items and the adjusted amount for the adjustment of the closing balance of the previous year:

□Applicable √not applicable

(81) Assets with restricted ownership or use rights

√ Applicable □not applicable

Unit: Currency: RMB

project	Ending book value	Restricted reason
Money funds	3,874,373.86	Bill Margin
Money funds	39,832,688.84	Guarantee deposit
Money funds	752,102.44	Litigation bond
bill receivable	219,387,838.47	Pledge of bills
Receivables Financing	253,999,067.34	Pledge of bills
total	517,846,070.95	/

other instructions:

none

(82) Foreign Currency Monetary Items

(1). Foreign Currency Monetary Items

√ Applicable □not applicable

unit: yuan

project	Ending foreign currency balance	Conversion rate	Converted into RMB at the end of the period balance
Money funds			
Of which: USD	538,132,303.05	7.2258	3,888,436,395.38
EUR	6,852,505.36	7.8771	53,977,869.97
Hong Kong dollar	20,424.09	0.9220	18,831.01
Indian Rupee	113,828,877.00	0.0880	10,016,941.18
singapore dollar	1,407,340.30	5.3442	7,521,108.03
malaysian ringgit	1,821,748.30	1.5576	2,837,555.15
Saudi riyal	324,300.02	1.9316	626,417.92
baht	3,931,269.54	0.2034	799,620.22
indonesian rupiah	82,630,052.00	0.0005	41,315.03
pakistan rupee	50,000.00	0.0259	1,295.00
JPY	153,504,466.00	0.0501	7,690,573.75
Forint	22,110,864.93	0.0212	468,750.34
accounts receivable			
Of which: USD	3,969,764.43	7.2258	28,684,723.82
Indian Rupee	54,968,092.14	0.0880	4,837,192.11
singapore dollar	59,836.73	5.3442	319,779.45
Saudi riyal	157,526.18	1.9316	304,277.57
EUR	6,019,847.00	7.8771	47,418,936.80

baht	785,160.06	0.2034	159,701.56
malaysian ringgit	350,000.00	1.5576	545,160.00
other receivables			
Of which: Japanese Yen	19,200.00	0.0501	961.92
Indian Rupee	4,767,952.90	0.0880	419,579.86
singapore dollar	7,600.00	5.3442	40,615.92
EUR	51,976.90	7.8771	409,427.24
accounts payable			
Of which : USD	12,648,199.17	7.2258	91,393,357.56
Indian Rupee	48,073,799.88	0.0880	4,230,494.39
singapore dollar	5,721.81	5.3442	30,578.50
Saudi riyal	8,082.83	1.9316	15,612.79
EUR	3,548,427.83	7.8771	27,951,320.86
Hong Kong dollar	213,755.00	0.9220	197,082.11
Other payables			
Of which: Indian Rupee	1,044,764.70	0.0880	91,939.29
singapore dollar	21,754.72	5.3442	116,261.57
baht	1,000.00	0.2034	203.40
JPY	186,972.90	0.0501	9,367.34
EUR	3,217,266.37	7.8771	25,342,728.92

other instructions:

none

(2). overseas operating entities, including for important overseas operating entities, the main overseas business location, bookkeeping functional currency and selection basis should be disclosed, and the reasons for changes in bookkeeping functional currency should also be disclosed

√ Applicable □not applicable

name	Main place of business	Reporting currency	Select basis
SUPINCO AUTOMATION PRIVATE LIMITED	India	Indian Rupee	The currency of the primary economic environment in which it operates
SUPCON INTERNATIONAL HOLDING PTE. LTD.	Singapore	singapore dollar	The currency of the primary economic environment in which it operates

SUPCON TECHNOLOGY (SINGAPORE) PTE. LTD.	Singapore	singapore dollar	The currency of the primary economic environment in which it operates
SUPCON SAUDI CO., LTD.	Saudi Arabia	Saudi riyal	The currency of the primary economic environment in which it operates
SUPCON TECHNOLOGY (MALAYSIA) SDN.BHD.	Malaysia	malaysian ringgit	The currency of the primary economic environment in which it operates
PT. SUPCON TECHNOLOGY INDONESIA	Indonesia	indonesian rupiah	The currency of the primary economic environment in which it operates
SUPCON HOLDING (THAILAND) CO., LTD.	Thailand	baht	The currency of the primary economic environment in which it operates
SUPCON TECHNOLOGY (THAILAND) CO., LTD.	Thailand	baht	The currency of the primary economic environment in which it operates
SUPCON TECHNOLOGY PAKISTAN (PRIVATE) LIMITED	Pakistan	pakistan rupee	The currency of the primary economic environment in which it operates
"SUPCON" LIMITED LIABILITY COMPANY	Uzbekistan	som	The currency of the primary economic environment in which it operates
Hobré International BV	Netherlands	EUR	The currency of the primary economic environment in which it operates
Hobré Instruments BV	Netherlands	EUR	The currency of the primary economic environment in which it operates
Hobré Laser Technology Kft	Hungary	Forint	The currency of the primary economic environment in which it operates

HobréUSA Inc.	USA	Dollar	The currency of the primary economic environment in which it operates
SUPCON JAPAN CO., LTD.	Japan	JPY	The currency of the primary economic environment in which it operates

(83) hedging

☐Applicable √not applicable

(84) government subsidy

(1). Basic information about government subsidies

√ Applicable ☐not applicable

Unit: Currency: RMB

type	the amount	Presentation items	Amount included in current profit and loss
Intelligent factory overall solution application promotion project		Deferred income, other income	1,666,304.36
Development of automatic control device for laparoscopic surgery		Deferred income, other income	17,597.73
Machine development and industrialization of safe and controllable industrial control system		Deferred income, other income	19,894.89
Industrial Control System Information Security Testing		Deferred income, other income	74,411.66
Improvement and application of core technical capabilities of built-in security in industrial control systems		Deferred income, other income	1,192,576.17
Industrial Internet		Deferred income,	74,759.54

security standard system and test environment		other income	
Research on Comprehensive Security Assessment and Certification Technology and Class Guarantee System of Industrial Control System		Deferred income, other income	9,942.21
Research and application of intelligent modeling technology for traditional Chinese medicine pharmaceutical process		Deferred income, other income	27,389.04
Application of new model in intelligent production workshop of solid-state liquor		Deferred income, other income	23,838.28
Intelligent controller product development and demonstration		Deferred income, other income	28,420.62
Research on Functional Safety Technology of Smart Factory		Deferred income, other income	32,224.61
IoT device and network performance visualization monitoring platform and demonstration application		Deferred income, other income	4,430.83
Research and application of key technologies of high-level safety integrity control system		Deferred income, other income	40,157.13
Industrial Internet Based on Edge Computing	840,000.00	Deferred income, other income	33,146.43

Programmable Logic Controller (PLC) supET Industrial Internet Platform Experimental Test Environment Construction Project		Deferred income, other income	279,007.30
Large-scale joint distributed control system (DCS) development and demonstration application project for petrochemical industry	13,600,000.00	Deferred income, other income	2,440,292.18
Clean high-performance leather chemicals smart manufacturing plant		Deferred income, other income	1,874.78
Research and development and application of high-performance intelligent control system for independent and controllable major projects		Deferred income, other income	145,877.67
Development of Endogenous Security Industrial Switch Equipment	200,000.00	Deferred income, other income	71,326.53
Industrial enterprise network security comprehensive protection platform project		Deferred income, other income	75,880.62
Development of Mimic Edge Gateway for Industrial Internet	900,000.00	Deferred income, other income	339,403.04
Large-scale high-performance PLC research and development and		Deferred income, other income	159,599.41

application projects for rail transit			
Integrated Demonstration of Operating System in Intelligent Manufacturing Factory in Process Industry		Deferred income, other income	200,868.39
Process industry intelligent manufacturing business supports key technologies and system research and development		Deferred income, other income	246,829.98
Verification and Demonstration of Ethernet Technology for Smart Factory		Deferred income, other income	127,628.53
Intelligent control system security integrated control technology research and development	150,000.00	Deferred income, other income	561,952.33
Security integration enhances key equipment R&D and application verification		Deferred income, other income	840,558.46
Industrial control systems with built-in safety monitoring		Deferred income, other income	3,009,644.49
Key technology and application demonstration of intelligent management and control of large-scale machine and pump system in the whole life cycle based on industrial Internet (saving funds)		Deferred income, other income	1,633,150.99

Research and development of key technologies for industrial Internet access based on cloud programming	350,000.00	Deferred income, other income	260,859.81
PLANTMATE® one-stop industrial Internet service platform		Deferred income, other income	458,115.37
Build a public service platform for intelligent manufacturing standard test and verification (integration of 5G new generation information technology and petrochemical industry)		Deferred income, other income	306,542.76
SUPCON's national production SCADA system		Deferred income, other income	66,639.67
Zhejiang Intelligent Factory Operating System Technology Innovation Center Project		Deferred income, other income	2,895,804.38
Intelligent lean management and control software development of product quality in the whole value chain		Deferred income, other income	220,390.26
Industrial Internet edge intelligent control system	22,500,000.00	Deferred income, other income	2,450,665.40
Research on Multi-information Fusion Intelligent Algorithms and Models for Product Quality Lean	443,800.00	Deferred income, other income	51,390.89

Control Research on Autonomous and Controllable Compilation Environment and Runtime System	250,000.00	Deferred income, other income	66,103.64
Wind power main control system network integrated security protection system	260,000.00	Deferred income, other income	80,691.59
Development of physical entity evaluation device for key parameters of intelligent level of measurement and control equipment	468,500.00	Deferred income, other income	4,536.32
5G Industrial Gateway	5,000,000.00	Deferred income, other income	695,350.16
Development and application of instrument based on IMC chip		Deferred income, other income	188,251.31
General Process Simulation Software	4,110,000.00	Deferred income, other income	47,691.66
VAT Software Tax Refund	91,379,591.93	other income	91,379,591.93
Manufacturing Enterprise Award	4,920,000.00	other income	4,920,000.00
Chemical Industry Brain Operating Fund Award	4,741,600.00	other income	4,741,600.00
Subsidies for the transformation of production and manufacturing methods	4,410,000.00	other income	4,410,000.00
Energy and chemical industry funding	4,000,000.00	other income	4,000,000.00
Special Fund for Science and Technology	2,000,000.00	other income	2,000,000.00

Development			
Stable job subsidies	1,679,115.80	other income	1,679,115.80
Special funds for promoting employment	1,061,805.67	other income	1,061,805.67
High-tech enterprise incentive funds	700,000.00	other income	700,000.00
patent funding	237,700.00	other income	237,700.00
other	111,233.73	other income	111,233.73
Subtotal	164,313,347.13	/	136,413,068.55

(2). Return of government subsidies

□Applicable √not applicable

other instructions
none

(85) other

□Applicable √not applicable

VIII. Changes in the scope of consolidation

1、 Business combination not under common control

√ Applicable □not applicable

(1). Business combinations not under the same control occurred in the current period

√ Applicable □not applicable

Unit: Currency: RMB

The name of the purchased party	Equity Acquisition Time	Equity Acquisition Cost	Equity Acquisition Ratio (%)	Equity Acquisition Method	date of purchase	Basis for Determining the Date of Purchase	Income of the acquired party from the purchase date to the end of the period	Net profit of the purchased party from the purchase date to the end of the period
Hobré International BV	June 9, 2023	106,104,575.20	1 00.00	cash	June 9 , 2023 _	Complete the handover formalities and take control	18,029,759.32	2,621,892.75

other instructions:

Among them, Hobré Instruments BV , Hobré Laser Technology Kft and Hobré USA Inc. are A subsidiary of Hobré International BV , included in the scope of consolidation .

(2). **Merger costs and goodwill**

√ Applicable □not applicable

Unit: Currency: RMB

merger cost	Hobré International BV
-- cash	106,104,575.20
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
--The fair value of the equity held before the purchase date on the purchase date	
--other	
Total combined cost	106,104,575.20
Less: Fair value share of identifiable net assets acquired	-61,904,673.21
goodwill / merger costs are less than the fair value share of identifiable net assets acquired	168,009,248.41

The determination method of the fair value of the combination cost, the description of the contingent consideration and its changes:

The fair value of the combination cost is determined according to the cash assets paid.

The main reasons for the formation of large goodwill:

this transaction is the market price, and the transaction price is greater than the fair value of the identifiable net assets of Hobré International BV on the merger date, thus forming goodwill.

other instructions:

none

(3). **The identifiable assets and liabilities of the acquiree on the date of purchase**

√ Applicable □not applicable

Unit: Currency: RMB

	Hobré International BV	
	Acquisition date fair value	Book value at date of purchase
assets:	181,861,724.82	445,372,506.79
Money funds	2,619,015.02	2,619,015.02
Accounts receivable	51,125,400.72	51,125,400.72
stock	88,006,904.95	88,006,904.95
fixed assets	1,477,839.67	1,477,839.67
intangible assets	11,580,168.27	53,405.46
right-of-use asset	6,758,104.34	6,758,104.34
Goodwill		275,037,544.78
Long-term prepaid	798,179.30	798,179.30

expenses		
Deferred tax assets	19,496,112.55	19,496,112.55
Liabilities:	243,766,398.03	240,792,493.23
loan	86,203,207.53	86,203,207.53
Payables	143,711,449.90	143,711,449.90
Deferred tax liabilities	2,973,904.80	
lease liability	5,679,451.23	5,679,451.23
Estimated liabilities	5,198,384.57	5,198,384.57
Net assets	-61,904,673.21	204,580,013.56
Less: Minority interests		
net worth acquired	-61,904,673.21	204,580,013.56

Methods for determining the fair value of identifiable assets and liabilities:

The fair value of identifiable assets and liabilities is determined based on the specific composition of assets and liabilities on the purchase date of Hobré International BV and the transaction price of the company's purchase of equity.

The contingent liabilities of the acquiree assumed in the business combination:

none

other instructions:

none

(4). Gains or losses arising from the remeasurement of the equity held before the purchase date according to the fair value

Whether there is a transaction in which the business combination is realized step by step through multiple transactions and control is obtained during the reporting period

□Applicable √not applicable

(5). Relevant explanations that the merger consideration or the fair value of the acquired party's identifiable assets and liabilities cannot be reasonably determined on the date of purchase or at the end of the current merger period

□Applicable √not applicable

(6). other instructions

□Applicable √not applicable

2、 Business combination under common control

□Applicable √not applicable

3、 reverse purchase

□Applicable √not applicable

4、 Disposal of subsidiaries

Whether there is a situation where a single disposal of investment in subsidiaries results in loss of control
□Applicable √not applicable

other instructions:
□Applicable √not applicable

5、 Changes in the scope of consolidation for other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:
√ Applicable □not applicable

Company Name	Equity Acquisition Method	Equity Acquisition Time	Subscribed capital contribution	Funded ratio(%)
"SUPCON" LIMITED LIABILITY COMPANYY	New	April 3 , 2023	55 million soms	1 00.00
SUPCON JAPAN CO., LTD.	New	May 1 , 2023	80 million yen	1 00.00

6、 other

□Applicable √not applicable

IX. Interests in other entities

1、 interests in subsidiaries

(1). The composition of the enterprise group

√ Applicable ☐not applicable

Subsidiary name	Main place of business	Registration	business nature	Shareholding ratio (%)		obtain Way
				direct	indirect	
Zhejiang SUPCON System Engineering Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry	100.00		set up
Zhejiang Zhongkong Sensing Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Instrumentation Manufacturing		100.00	set up
Zhejiang Zhongkong Fluid Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	General Equipment Manufacturing	98.27		set up
Hangzhou Valvexin Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry		98.27	set up
Supcon Technology (Hong Kong) Co., Ltd.	Hongkong	Hongkong	import and export trade	100.00		set up
Zhejiang Zhongkong Xizi Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Electrical machinery and equipment manufacturing	65.00		set up
Supcon Technology (Xi'an) Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Software and information technology service industry	100.00		set up
Supcon Technology (Fuyang) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Instrumentation Manufacturing	100.00		set up
Ningbo Zhongkong Automation Technology Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Instrumentation Manufacturing	100.00		set up

Zhejiang Supcon Intelligent Technology Industry Development Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry	100.00		set up
Zhejiang Supcon Software Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry	100.00		Business combination under common control
Zhejiang Zhongkong Automation Instrument Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Instrumentation Manufacturing	72.02	27.98	Business combination under common control
SUPINCO AUTOMATION PRIVATE LIMITED	India	India	manufacturing	81.68		Business combination not under common control
Hangzhou Baojie Investment Consulting Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	business services	100.00		Business combination not under common control
Zhejiang Gongziyi Network Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry	100.00		set up
Zhejiang Zhongkong Park Intelligent Housekeeper Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Technology promotion and application service industry	100.00		set up
Zhejiang Zhongkong Zhixin Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry		51.00	set up
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Wholesale	51.00		set up
SUPCON	Singapo	Singapor	business	100.00		set up

INTERNATIONAL HOLDING PTE. LTD.	re	e	services			
SUPCON TECHNOLOGY (SINGAPORE) PTE. LTD.	Singapore	Singapore	Software and information technology service industry		100.00	set up
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	Beijing	Beijing	Technology promotion and application service industry	66.00		Business combination not under common control
Ningxia Ningdong Kekong Big Data Co., Ltd.	Ningxia Ningdong	Ningxia Ningdong	Technology promotion and application service industry		80.00	set up
Zhejiang Lingben Management Consulting Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	business services		100.00	set up
Shaanxi SUPCON Digital Technology Engineering Co., Ltd.	Xi'an, Shaanxi	Xi'an, Shaanxi	Software and information technology service industry		70.00	set up
Zhejiang Zhongkong Huiji Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Technology promotion and application service industry	78.00	0.005	set up
SUPCON SAUDI CO., LTD.	Saudi Arabia	Saudi Arabia	manufacturing		70.00	set up
SUPCON TECHNOLOGY (MALAYSIA) SDN.BHD.	Malaysia	Malaysia	manufacturing		100.00	set up
PT. SUPCON TECHNOLOGY INDONESIA	Indonesia	Indonesia	manufacturing		99.998	set up
Shanghai Zhiying Technology Co., Ltd.	Shanghai	Shanghai	Technology promotion and application service	100.00		set up

			industry			
Zhejiang Zhihuiyuan Digital Technology Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Internet and related services		80.00	set up
Zhejiang Supcon Well Oil & Gas Technology Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Technology promotion and application service industry	100.00		set up
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.	Beijing	Beijing	Software and information technology service industry	67.00		set up
SUPCON HOLDING (THAILAND) CO., LTD.	Thailand	Thailand	manufacturing		49.00	set up
SUPCON TECHNOLOGY (THAILAND) CO., LTD.	Thailand	Thailand	manufacturing		49.01	set up
SUPCON TECHNOLOGY PAKISTAN (PRIVATE)CO.,LTD	Pakistan	Pakistan	import and export trade		99.99	set up
Meishan Supcon Intelligent Butler Technology Co., Ltd.	Meishan, Sichuan	Meishan, Sichuan	Software and information technology service industry		70.30	set up
Zhuhai Zhongkong Guanjia Intelligent Technology Co., Ltd.	Zhuhai, Guangdong	Zhuhai, Guangdong	Internet and related services		70.30	set up
Yulin Prime Technology Co., Ltd.	Yulin, Shaanxi	Yulin, Shaanxi	Technology promotion and application service industry		70.30	set up
Supcon (Hangzhou) Venture Capital Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	business services	100.00		set up
Hobré International BV	Netherlands	Netherlands	business services		1 00. 00	Business combination not under common

						control
Hobré Instruments BV	Netherlands	Netherlands	manufacturing		1 00.00	Business combination not under common control
Hobré Laser Technology Kft	Hungary	Hungary	manufacturing		1 00.00	Business combination not under common control
Hobré USA Inc.	USA	USA	manufacturing		1 00.00	Business combination not under common control
"SUPCON" LIMITED LIABILITY COMPANY	Uzbekistan	Uzbekistan	manufacturing		1 00.00	set up
SUPCON JAPAN CO., LTD.	Japan	Japan	manufacturing		1 00.00	set up

Explanation on the difference between the shareholding ratio in the subsidiary and the voting right ratio:
1. According to the company's articles of association, each capital contribution of the company represents 1 voting right, and every 10 capital contribution ratios of the remaining shareholders represent 1 voting right, so the company's voting right ratio is 90.57%, which is included in the scope of consolidation;
2. The company's subsidiaries SUPCON HOLDING (THAILAND) CO., LTD. and SUPCON INTERNATIONAL HOLDING PTE. LTD. have a capital contribution ratio of 99.00% and 0.50% respectively, so the company's voting rights ratio is 99.50%, which are included in the scope of consolidation.

Basis for holding half or less of the voting rights but still controlling the invested entity, and holding more than half of the voting rights but not controlling the invested entity:
none

For important structured entities included in the scope of consolidation, the basis for control:
none

Basis for determining whether a company is an agent or a principal:
none

other instructions:
none

(2). important non-wholly owned subsidiaries

√ Applicable □not applicable

Unit: RMB

Subsidiary name	Minority Shareholde	Profit and loss attributable to	Dividends declared	Balance of minority

	rs Ratio (%)	minority shareholders in the current period	for distribution to minority shareholders in the current period	shareholders' equity at the end of the period
Zhejiang Zhongkong Fluid Technology Co., Ltd.	1.73	411,314.96		5,687,763.66
Zhejiang Zhongkong Xizi Technology Co., Ltd.	35.00	5,919,483.60		47,092,649.63
SUPINCO AUTOMATION PRIVATE LIMITED	18.32	510,750.03		-2,283,365.47
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	49.00	24,998.83		2,560,200.44
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	34.00	2,533,802.16		13,303,555.32
Zhejiang Zhongkong Zhixin Technology Co., Ltd.	49.00	-438,699.28		-1,142,007.20
Ningxia Ningdong Kekong Big Data Co., Ltd.	20.00	523,719.95		1,457,096.01
Shaanxi SUPCON Digital Technology Engineering Co., Ltd.	30.00	-206,447.36		-488,571.72
Zhejiang Zhongkong Huiji Technology Co., Ltd.	21.995	-456,890.35		-484,470.07
SUPCON SAUDI CO., LTD.	30.00	-206,146.58		-298,084.74
PT. SUPCON TECHNOLOGY INDONESIA	0.002	-3.83		-2.89
Zhejiang Zhihuiyuan Digital Technology Co., Ltd.	20.00	804,242.33		4,097,783.53
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.	33.00	-113,248.18		234,569.79
SUPCON HOLDING (THAILAND) CO., LTD.	51.00	-107,702.19		-165,538.47
SUPCON TECHNOLOGY (THAILAND) CO., LTD.	50.99	-1,426.52		-1,994.05
Meishan Supcon Intelligent Butler Technology Co., Ltd.	29.70	-47,559.49		268,605.63
Zhuhai Zhongkong Guanjia Intelligent Technology Co., Ltd.	29.70	535.97		562,272.76
Yulin Prime Technology Co., Ltd.	29.70			
SUPCON TECHNOLOGY PAKISTAN (PRIVATE)CO.,LTD .	0.01			

Explanation for the shareholding ratio of minority shareholders of subsidiaries different from the ratio of voting rights:

√ Applicable ☐not applicable

1. According to the company's articles of association, each capital contribution of the company represents 1

voting right, and every 10 capital contribution ratios of the remaining shareholders represent 1 voting right, so the company's voting right ratio is 90.57%, which is included in the scope of consolidation;
2. The company's subsidiaries SUPCON HOLDING (THAILAND) CO., LTD. and SUPCON INTERNATIONAL HOLDING PTE. LTD. have a capital contribution ratio of 99.00% and 0.50% respectively, so the company's voting rights ratio is 99.50%, which are included in the scope of consolidation.

other instructions:
□Applicable √not applicable

(3). Main financial information of important non-wholly owned subsidiaries

√ Applicable ☐not applicable

Unit: RMB

Subsidiary name	Ending balance						Opening Balance					
	current assets	Non-current assets	total assets	Current liabilities	Non-current liabilities	Total Liabilities	current assets	Non-current assets	total assets	Current liabilities	Non-current liabilities	Total Liabilities
Zhejiang Zhongkong Fluid Technology Co., Ltd.	627,732,196.58	88,378,577.83	716,110,774.41	380,016,431.87	6,737,930.71	386,754,362.58	595,559,872.94	83,342,723.16	678,902,596.10	366,243,127.84	7,121,167.69	373,364,295.53
Zhejiang Zhongkong Xizi Technology Co., Ltd.	338,753,380.89	18,679,406.68	357,432,787.57	213,783,132.25	9,099,227.76	222,882,360.01	335,981,594.04	19,480,832.93	355,462,426.97	227,583,104.61	10,241,705.10	237,824,809.71
SUPINCO AUTOMATION PRIVATE LIMITED	51,357,865.59	991,045.25	52,348,910.84	65,472,405.08		65,472,405.08	36,480,856.18	861,684.74	37,342,540.92	52,594,263.19		52,594,263.19
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	16,758,477.26	367,836.26	17,126,313.52	11,901,414.65		11,901,414.65	13,503,950.03	343,334.19	13,847,284.22	13,673,403.37		13,673,403.37
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	127,429,132.35	271,702.51	127,700,834.86	88,572,730.98		88,572,730.98	86,570,480.35	276,882.21	86,847,362.56	55,165,326.40	6,291.57	55,171,617.97
Zhejiang Zhongkong Zhixin Technology Co., Ltd.	53,323,006.16	3,536.92	53,326,543.08	55,188,802.68		55,188,802.68	60,757,653.49	4,069.58	60,761,723.07	61,728,678.02		61,728,678.02
Ningxia Ningdong Kekong Big Data Co., Ltd.	15,781,227.45	189,701.47	15,970,928.92	4,685,448.92		4,685,448.92	12,791,747.48	139,652.00	12,931,399.48	4,264,519.22		4,264,519.22
Shaanxi SUPCON	18,568,060.10	17,993.46	18,586,053.56	16,742,992.89		16,742,992.89	6,289,261.88	20,979.29	6,310,241.17	3,750,655.69		3,750,655.69

Digital Technology Engineering Co., Ltd.												
Zhejiang Zhongkong Huiji Technology Co., Ltd.	15,226,342.31	16,131,112.94	31,357,455.25	15,474,163.87		15,474,163.87	6,884,411.50	17,030,732.98	23,915,144.48	5,954,606.67		5,954,606.67
SUPCON SAUDI CO., LTD.	1,119,349.12	86,780.40	1,206,129.52	439,953.19		439,953.19	1,601,030.20	58,876.66	1,659,906.86	620,204.06		620,204.06
PT. SUPCON TECHNOLOGY INDONESIA	575,319.90		575,319.90	724,166.36		724,166.36	706,936.00		706,936.00	659,849.39		659,849.39
Zhejiang Zhihuiyuan Digital Technology Co., Ltd.	29,414,718.11	548,553.52	29,963,271.63	9,150,624.59	323,729.41	9,474,354.00	36,792,212.77		36,792,212.77	20,324,506.77		20,324,506.77
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.	855,650.58		855,650.58	144,833.03		144,833.03	304,246.36		304,246.36	252.52		252.52
SUPCON HOLDING (THAILAND) CO., LTD.												
SUPCON TECHNOLOGY (THAILAND) CO., LTD.	509,532.29	35,031.70	544,563.99	802,555.35		802,555.35	282,602.79	27,481.53	310,084.32	423,591.77		423,591.77
Meishan Supcon Intelligent Butler Technology Co., Ltd.	6,651,354.41		6,651,354.41	4,762,758.35		4,762,758.35	2,805,408.87		2,805,408.87	756,679.85		756,679.85
Zhuhai Zhongkong Guanjia Intelligent Technology Co., Ltd.	5,220,686.16		5,220,686.16	2,195,681.89		2,195,681.89	3,101,100.56		3,101,100.56	77,929.96		77,929.96

Yulin Prime Technology Co., Ltd.												
SUPCON TECHNOLOGY PAKISTAN (PRIVATE)CO., LTD.	647.50		647.50	10,722.60		10,722.60						

Subsidiary name	Amount incurred in the current period				Amount incurred in the previous period			
	operating income	net profit	Total comprehensive income	Cash Flow from Operating Activities	operating income	net profit	Total comprehensive income	Cash Flow from Operating Activities
Zhejiang Zhongkong Fluid Technology Co., Ltd.	200,255,380.64	23,818,111.26	23,818,111.26	-3,242,743.82	133,811,959.23	18,866,866.19	18,866,866.19	-13,587,843.99
Zhejiang Zhongkong Xizi Technology Co., Ltd.	160,504,642.99	16,912,810.30	16,912,810.30	-11,176,913.63	131,972,427.44	15,749,838.02	15,749,838.02	-23,067,342.06
SUPINCO AUTOMATION PRIVATE LIMITED	18,834,274.66	2,787,936.86	2,128,228.03	3,837,862.01	4,155,247.69	-2,942,926.69	-2,848,728.83	101,918.59
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	9,488,946.06	51,018.02	51,018.02	-3,411,690.97	3,690,503.54	-696,696.57	-696,696.57	-3,880,401.43
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	44,265,687.37	7,452,359.29	7,452,359.29	1,593,230.76	32,643,933.17	3,584,312.96	3,584,312.96	-1,384,363.03
Zhejiang Zhongkong Zhixin Technology Co., Ltd.	32,925,400.06	-895,304.65	-895,304.65	2,616,559.80	7,654,744.14	191,009.50	191,009.50	165,049.50
Ningxia Ningdong Kekong Big Data Co., Ltd.		2,618,599.74	2,618,599.74	3,834,889.13		-24,975.27	-24,975.27	-34,578.85
Shaanxi SUPCON Digital Technology Engineering Co., Ltd.		-716,524.81	-716,524.81	-3,092,351.03	205,660.38	-343,412.67	-343,412.67	-163,161.57
Zhejiang Zhongkong Huiji Technology Co., Ltd.	12,090,947.61	-2,077,246.43	-2,077,246.43	-8,288,921.22	654,866.91	-2,655,392.00	-2,655,392.00	-2,693,984.74
SUPCON SAUDI CO., LTD.	1,094,593.61	-687,155.28	-642,806.47	-1,381,393.16		-758,169.31	-736,936.45	-706,447.68
PT. SUPCON TECHNOLOGY INDONESIA		-191,558.54	-195,933.07	-150,514.82		-10,218.35	-10,284.80	18,516.41
Zhejiang Zhihuiyuan Digital Technology Co., Ltd.	1,373,065.81	4,021,211.63	4,021,211.63	8,091,267.75				
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.		-343,176.29	-343,176.29	-273,786.38				
SUPCON HOLDING (THAILAND) CO., LTD.								
SUPCON TECHNOLOGY (THAILAND) CO., LTD.		-142,651.91	-144,483.91	199,836.02				

Meishan Supcon Intelligent Butler Technology Co., Ltd.	2,061,106.20	-160,132.96	-160,132.96	2,235,794.70				
Zhuhai Zhongkong Guanjia Intelligent Technology Co., Ltd.		1,804.62	1,804.62	1,622,259.17				
Yulin Prime Technology Co., Ltd.								
SUPCON TECHNOLOGY PAKISTAN (PRIVATE)CO.,LTD.		-10,969.80	-10,075.10	705.00				

other instructions:
none

(4). Significant restrictions on the use of corporate group assets and liquidation of corporate group liabilities:

□Applicable √not applicable

(5). Financial support or other support provided to structured entities included in the scope of consolidated financial statements:

□Applicable √not applicable

other instructions:

□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

(1). Significant joint ventures or associates

√ Applicable □not applicable

Unit: RMB

Joint venture or associate company name	Main place of business	Registration	business nature	Shareholding ratio (%)		Accounting treatment for investments in joint ventures or associates
				direct	indirect	
SUPCON Global Technology (Hangzhou) Co., Ltd.	Hangzhou, Zhejiang	Hangzhou, Zhejiang	Software and information technology service industry	25.60		Equity method accounting
Petrochemical Yingke Information Technology Co., Ltd.	Beijing	Beijing	Internet and related services	22.00		Equity method accounting
Zhongyi Wood Engineering Co., Ltd.	Shanghai	Shanghai	construction industry	20.00		Equity method accounting
Beijing Dameisheng Software Co., Ltd.	Beijing	Beijing	Software and information technology service industry	20.202		Equity method accounting

Explanation for the shareholding ratio in joint ventures or associates that is different from the voting rights

ratio:
none

for holding less than 20% of the voting rights but having a significant influence, or holding 20% or more of the voting rights but not having a significant influence:
none

(2). **Main financial information of important joint ventures**
□Applicable √not applicable

(3). **Key financial information of significant associates**
√ Applicable □not applicable

Unit: RMB

	Closing balance / Amount incurred in the current period				balance / amount incurred in the previous period		
	Petrochemical Yingke Information Technology Co., Ltd.	Zhongyi Wood Engineering Co., Ltd.	SUPCON Global Technology (Hangzhou) Co., Ltd.	Beijing Dameisheng Software Co., Ltd.	Petrochemical Yingke Information Technology Co., Ltd.	Zhongyi Wood Engineering Co., Ltd.	SUPCON Global Technology (Hangzhou) Co., Ltd.
current assets	2,817,327,510.20	347,331,588.39	49,515,540.80	198,938,606.42	3,227,077,233.99	410,234,574.91	40,664,906.81
Non-current assets	503,859,132.13	39,985,377.14	3,557,276.23	26,654,480.73	484,623,836.78	43,810,108.04	1,632,981.31
total assets	3,321,186,642.33	387,316,965.53	53,072,817.03	225,593,087.15	3,711,701,070.77	454,044,682.95	42,297,888.12
Current liabilities	1,741,046,811.83	222,607,351.93	18,527,970.46	13,224,710.42	2,229,347,969.59	309,246,226.48	13,979,089.63
Non-current liabilities	107,646,910.86	16,890,017.43	688,577.09	5,310,429.34	148,202,148.08	11,147,632.73	117,334.64
Total Liabilities	1,848,693,722.69	239,497,369.36	19,216,547.55	18,535,139.76	2,377,550,117.67	320,393,859.21	14,096,424.27
minority interests							
Equity attributable to shareholders of the parent company	1,472,492,919.64	147,819,596.17	33,856,269.48	207,057,947.39	1,334,150,953.10	133,650,823.74	28,201,463.85
Share of net assets calculated by shareholding ratio	323,948,442.32	29,563,919.23	12,752,273.78	41,829,846.53	293,513,209.68	26,730,164.75	11,543,721.94
Adjustments							
-- Goodwill	294,934,414.94	43,955,806.76		95,566,824.98	294,778,811.23	44,211,489.15	
-- Unrealized profits from							

internal transactions							
--Other _							
Carrying value of investment in equity in associate	618,882,857.26	73,519,725.99	12,752,273.78	137,396,671.51	588,292,020.91	70,941,653.90	11,543,721.94
Fair value of equity investments in associates with publicly quoted prices							
operating income	1,402,691,126.41	383,228,799.08	9,978,431.47	32,421,520.73	971,295,950.49		10,733,899.08
net profit	138,821,366.86	14,379,532.42	-5,945,770.02	-35,564,854.26	121,598,918.13		-3,859,744.97
Net profit from discontinued operations							
Other comprehensive income	227,889.27						
Total comprehensive income	139,049,256.13	14,379,532.42	-5,945,770.02	-35,564,854.26	121,598,918.13		-3,859,744.97
Dividends received from associates during the year							

other instructions
none

(4). Aggregate financial information of immaterial joint ventures and associates

√ Applicable ☐not applicable

Unit: RMB

	Closing balance / Amount incurred in the current period	balance / amount incurred in the previous period
Joint ventures:		
Total book value of investments		
The total of the following items calculated according to the shareholding ratio		
-- Net profit		
--Other comprehensive income		

--Total comprehensive income		
Associated Enterprises:		
Total book value of investments	14,728,899.67	11,111,622.07
The total of the following items calculated according to the shareholding ratio		
-- Net profit	- 12 , 798,812.01	-9,812,085.27
--Other comprehensive income		
--Total comprehensive income	-12,798,812.01	-9,812,085.27

other instructions
none

(5). Explanation that there are significant restrictions on the ability of joint ventures or associates to transfer funds to the company

□Applicable √not applicable

(6). Excess losses incurred by joint ventures or associates

□Applicable √not applicable

(7). Unconfirmed commitments related to investments in joint ventures

□Applicable √not applicable

(8). Contingent liabilities related to investments in joint ventures or associates

□Applicable √not applicable

4、 important joint venture

□Applicable √not applicable

5、 Interests in structured entities not included in the scope of consolidated financial statements

Relevant explanations for structured entities not included in the scope of consolidated financial statements:
□Applicable √not applicable

6、 other

□Applicable √not applicable

X. Risks Associated with Financial Instruments

√ Applicable □not applicable

The goal of the company's risk management is to strike a balance between risks and benefits, minimize the negative impact of risks on the company's operating performance, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the company's risk management is to identify and analyze various risks faced by the company, establish an appropriate risk tolerance bottom line and carry out risk management, and timely and reliably supervise various risks to control the risks. within the limits.

The Company faces various risks related to financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. Management has reviewed and approved policies for managing these risks, which are summarized below

(1) Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, causing the other party to suffer financial losses.

(1) . Credit risk management practice

(1) Evaluation Method of Credit Risk The company assesses on each balance sheet date whether the credit risk of the relevant financial instrument has increased significantly since initial recognition. When determining whether the credit risk has increased significantly since the initial recognition, the company considers that reasonable and evidence-based information can be obtained without unnecessary additional costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk ratings, etc. and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the company compares the risk of default of the financial instrument on the balance sheet date with the risk of default on the date of initial recognition to determine the expected duration of the financial instrument. Changes in default risk.

When one or more of the following quantitative and qualitative criteria are triggered, the company believes that the credit risk of a financial instrument has increased significantly:

1) The quantitative standard is mainly that the default probability of the remaining duration on the balance sheet date has increased by more than a certain percentage compared with the initial recognition;

2) Qualitative criteria mainly include major adverse changes in the debtor's operating or financial conditions, existing or expected technological, market, economic or legal environment changes that will have a major adverse impact on the debtor's ability to repay the company, etc.

(2) Default and credit-impaired asset definitions When a financial instrument meets one or more of the following conditions, the company defines the financial asset as having defaulted, and the standard is consistent with the definition of credit impairment:

1) The debtor encounters major financial difficulties;

2) The debtor violates the binding clauses on the debtor in the contract;

3) The debtor is likely to go bankrupt or undergo other financial reorganization;

4) The obligee, out of economic or contractual considerations related to the debtor's financial difficulties, grants the debtor a concession which it would not have made under any other circumstances.

(2) . Measurement of expected credit losses

Key parameters for the measurement of expected credit losses include probability of default, loss given default and exposure at default. The company considers the quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods and types of collateral, repayment methods, etc.), and establishes default probability, default loss rate and default risk exposure models.

(3) . Credit risk exposure and credit risk concentration

The company's credit risk mainly comes from monetary funds and accounts receivable. In order to control the above-mentioned related risks, the Company has adopted the following measures respectively.

(1) Monetary funds

The company deposits bank deposits and other monetary funds in financial institutions with high credit ratings, so its credit risk is relatively low.

(2) Accounts receivable The company regularly conducts credit evaluations on customers who trade on credit. According to the credit evaluation results, the company chooses to conduct transactions with approved and creditworthy customers, and monitors the balance of their receivables to ensure that the company will not face major bad debt risks. Since the company's accounts receivable risk points are distributed among multiple partners and customers, as of June 30 , 2023 , 7.21% of the company's accounts receivable (December 31 , 2022 : 4.82 %) originated from the top five customers with the balance, the company has no significant credit concentration risk.

The maximum credit risk exposure borne by the Company is the book value of each financial asset in the balance sheet.

(2) Liquidity risk

Liquidity risk refers to the risk of shortage of funds when the company fulfills the obligation of settlement 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 debts that are due early; or from the inability to generate expected cash flows.

In order to control this risk, the company comprehensively uses various financing methods such as bill settlement and bank borrowing, and adopts a method of properly combining long-term and short-term financing methods and optimizing the financing structure to maintain a balance between financing continuity and flexibility. The Company has obtained bank credit lines from a number of commercial banks to meet working capital needs and capital expenditures.

Classification of financial liabilities by remaining maturity

project	Ending balance				
	Book value	Undiscounted contract amount	within 1 year	1-3 years	over 3 years
Bank loan	703,913,194.45	711,249,390.41	711,249,390.41		
Notes payable	1,039,793,149.05	1,039,793,149.05	1,039,793,149.05		
accounts payable	2,231,578,442.61	2,231,578,442.61	2,231,578,442.61		
Other payables	125,207,878.60	125,207,878.60	125,207,878.60		
Other current liabilities	483,546,196.23	483,546,196.23	483,546,196.23		
lease liability	27,973,232.54	28,641,901.96	11,288,359.46	10,117,534.41	7,236,008.09
Subtotal	4,612,012,093.48	4,620,016,958.86	4,602,663,416.36	10,117,534.41	7,236,008.09

(Continued from the above table)

project	Opening balance				
	Book value	Undiscounted contract amount	within 1 year	1-3 years	over 3 years
Bank loan	606,673,850.94	623,663,378.72	623,663,378.72		
Notes payable	992,587,518.08	992,587,518.08	992,587,518.08		
accounts payable	2,318,408,360.81	2,318,408,360.81	2,318,408,360.81		
Other payables	93,507,790.90	93,507,790.90	93,507,790.90		
Other current liabilities	437,170,631.22	437,170,631.22	437,170,631.22		
lease liability	31,219,486.96	34,224,098.71	14,857,196.76	10,619,034.88	8,747,867.07
Subtotal	4,479,567,638.91	4,499,561,778.44	4,480,194,876.49	10,619,034.88	8,747,867.07

(3) Market risk

Market risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to market price changes. Market risk mainly includes interest rate risk and foreign exchange risk.

1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in market interest rates. Fixed-rate interest-bearing financial instruments expose the Company to fair value interest rate risk, and floating-rate interest-bearing financial instruments expose the Company to cash flow interest rate risk. The company determines the ratio of fixed-rate and floating-rate financial instruments according to the market environment, and maintains an appropriate portfolio of financial instruments through regular review and monitoring. The cash flow interest rate risk faced by the company is mainly related to the company's bank borrowings with floating interest rates.

As of June 30, 2023, the company's bank loans with floating interest rates of RMB 500,000,000.00

(December 31, 2022: RMB 500,000,000.00), assuming that other variables remain unchanged, it is assumed that the interest rate changes by 50 basis points , will not have a significant impact on the company's total profit and shareholders' equity.

2. Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates. The risk of exchange rate changes faced by the company is mainly related to the company's foreign currency monetary assets and liabilities. For foreign currency assets and liabilities, if there is a short-term imbalance, the company will buy and sell foreign currencies at market exchange rates when necessary to ensure that the net risk exposure is maintained at an acceptable level.

82 Foreign Currency Monetary Items to the Financial Statements for details of the Company's foreign currency monetary assets and liabilities at the end of the period .

XI. Fair Value Disclosure

1、 Ending fair value of assets and liabilities measured at fair value

√ Applicable ☐not applicable

Unit: RMB

project	Fair value at the end of the period			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	total
1. Continuous fair value measurement				
(1) Trading financial assets			1,442,000,000.00	1,442,000,000.00
1. Financial assets measured at fair value and whose changes are included in current profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Derivative financial assets				
(4) Financial products			1,442,000,000.00	1,442,000,000.00
2. Financial assets designated to be measured at fair value and whose changes are included in current profit and loss				
(1) Debt instrument investment				
(2) Equity instrument investment				
(3) Bank wealth				

management products				
(2) Other debt investment				
(3) Investment in other equity instruments			24,113,692.31	24,113,692.31
(4) Investment real estate				
1. Land use right for lease				
2. Leased buildings				
3. Hold and prepare to transfer land use rights after appreciation				
(5) Biological assets				
1. Consumable biological assets				
2. Productive biological assets				
(6) Accounts receivable financing			393,562,828.52	393,562,828.52
Total assets that continue to be measured at fair value			1,859,676,520.83	1,859,676,520.83
(6) Trading financial liabilities				
1. Financial liabilities measured at fair value and whose changes are included in current profit and loss				
Including: trading bonds issued				
derivative financial liabilities				
other				
2. Designated as financial liabilities measured at fair value and whose changes are included in current profit and loss				
Total liabilities at continuing fair value				
2. Non-continuous fair				

value measurement				
(1) Assets held for sale				
Total assets measured at fair value on a non-continuing basis				
Total liabilities measured at fair value on a non-continuing basis				

2、 Basis for determining the market price of continuous and non-continuous first-level fair value measurement items

□Applicable √not applicable

3、 Continuous and non-continuous second-level fair value measurement items, valuation techniques used and qualitative and quantitative information on important parameters

□Applicable √not applicable

4、 Continuous and non-continuous third-level fair value measurement items, valuation techniques used and qualitative and quantitative information on important parameters

√ Applicable □not applicable

The Company's third-level fair value measurement items are receivable financing, wealth management products and other equity instrument investments. Receivable financing and bank wealth management products have a short remaining period, and the difference between fair value and book value is small, so the other The book value is regarded as the fair value; on the balance sheet date , there has been no major change in the operating conditions of each invested unit and the market, economic environment, and financial conditions faced by other equity instrument investment calculations, so the company uses the investment cost as a reasonable estimate of the fair value. measure.

5、 Continuous third-level fair value measurement items, reconciliation information between book value at the beginning and end of the period and sensitivity analysis of unobservable parameters

□Applicable √not applicable

6、 Continuing fair value measurement items, conversions between levels during the current period, reasons for the conversions and policies for determining the timing of the conversions

□Applicable √not applicable

7、 Valuation technology changes during the period and reasons for the changes

□Applicable √not applicable

8、 financial assets and financial liabilities not measured at fair value

□Applicable √not applicable

9、 other

☐Applicable √not applicable

XII. Related parties and related transactions

1、 The parent company of the enterprise

☐Applicable √not applicable

2、 The company's subsidiaries

For the details of the subsidiaries of the company, please refer to the notes

√ Applicable ☐not applicable

For details of the company's subsidiaries, please refer to Note IX to the Financial Statements. 1. Equity in subsidiaries.

3、 The company's joint ventures and associates

For details of the important joint ventures or associates of the company, please refer to the notes

√ Applicable ☐not applicable

For details, please refer to Note IX to the Financial Statements. 3. Equity in Joint Ventures or Associated Enterprises.

The situation of other joint ventures or associates that had related party transactions with the company in the current period, or had balances with the company in the previous period is as follows

The situation of other joint ventures or associates that had related party transactions with the company in the current period, or had balances with the company in the previous period is as follows

√ Applicable ☐not applicable

Joint venture or associate company name	Relationship with the company
SUPCON Global Technology (Hangzhou) Co., Ltd.	joint venture
Jiaxing Industrial Internet Innovation Center Co., Ltd.	Associated company, subsidiary of Lanzhuo Digital Technology Co., Ltd.
Petrochemical Yingke Information Technology Co., Ltd.	joint venture
Zhongyi Wood Engineering Co., Ltd.	joint venture
Zhejiang Supcon Ruixin Intelligent Technology Co., Ltd.	joint venture
Shenzhen Shengchao Intelligent Information Technology Co., Ltd.	joint venture
Zhejiang Zhongju Smart Technology Co., Ltd.	joint venture
Anhui Huayi Central Control Technology Co., Ltd.	joint venture
Beijing Dameisheng Software Co., Ltd.	joint venture

other instructions

☐Applicable √not applicable

4、 Other related parties

√ Applicable ☐not applicable

Name of other related parties	Relationship between other related parties and the company
Supcon Technology Group Co., Ltd.	Enterprises controlled by the actual controller
Supcon Industrial Park Operation Management Co., Ltd.	Enterprises controlled by the actual controller
Lanzhuo Digital Technology Co., Ltd. [Note]	Enterprises controlled by the actual controller
Hangzhou Deep Blue Digital Intelligence Technology Co., Ltd.	Enterprises controlled by the actual controller
Zhejiang Guoli Network Security Technology Co., Ltd.	Enterprises controlled by the actual controller
Ningbo Future Qingyuan Medical Technology Co., Ltd.	Enterprises controlled by the actual controller
Zhejiang Kesheng Technology Co., Ltd.	Directors of the Company acting as its directors
Zhejiang Supcon Research Institute Co., Ltd.	Directors of the Company acting as its directors
Zhejiang Guozi Robot Technology Co., Ltd.	Directors of the Company acting as its directors
Zhejiang Tenneng Power Technology Co., Ltd.	Directors of the Company acting as its directors
Beget Group Co., Ltd.	The independent directors of the company serve as its directors
Zhejiang Gaosheng Photothermal Power Technology Research Institute Co., Ltd.	The independent directors of the company serve as its directors
Zhejiang Supcon Information Industry Co., Ltd.	Companies in which the actual controller indirectly participates in the investment
Shaoxing Industrial Internet Innovation Development Co., Ltd.	Subsidiary of Lanzhuo Digital Technology Co., Ltd.
Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	Subsidiary of Supcon Technology Group Co., Ltd.
Qinghai Supcon Solar Power Co., Ltd.	Subsidiary of Zhejiang Kesheng Technology Co., Ltd.
Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	Enterprises controlled by close family members of the actual controller
Linhai Industrial Brain Co., Ltd.	Participating companies with a shareholding ratio of more than 5%
Shanghai Huayi Information Technology Co., Ltd.	Participating companies with a shareholding ratio of more than 5%
Jinta Zhongguang Solar Power Co., Ltd.	Subsidiary of Zhejiang Kesheng Technology Co., Ltd.
Petrochemical Yingke Intelligent Technology Co., Ltd.	Participating companies with a shareholding ratio of more than 5%
Zhejiang Chint Electric Co., Ltd. (hereinafter referred to as Chint Electric)	Legal person holding more than 5% of shares in the past 12 months
Shanghai Xinhua Control Technology (Group) Co., Ltd.	Chint Electric Subsidiary
Shanghai Xinhua Control Technology Group Technology Co., Ltd.	Chint Electric Subsidiary

Zhejiang Zhongjing Software Development Co., Ltd.	Enterprises controlled by Director Jin Jianxiang
Pandong (Zhejiang) Electric Technology Co., Ltd.	Enterprises where Supervisor Cheng Yuhao serves as a director
Zhejiang Zhongchengxin Engineering Technology Co., Ltd.	Enterprises controlled by the actual controller
Zhejiang Chint Zhongzi Control Engineering Co., Ltd.	Enterprises where Supervisor Cheng Yuhao serves as a director
Ningbo Supcon Microelectronics Co., Ltd.	Enterprises where the actual controller has significant influence
Ningbo Xinran Technology Co., Ltd.	Enterprises where the actual controller has significant influence
Beijing Shengchao Intelligent Technology Co., Ltd.	A wholly-owned subsidiary of Shenzhen Shengchao Intelligent Information Technology Co., Ltd.
Lanzhuo Digital Technology (Hangzhou) Co., Ltd. [Note]	Enterprises controlled by the actual controller

other instructions
[Note] Formerly known as Lanzhuo Industrial Internet (Hangzhou) Co., Ltd.

5、 Related transactions

(1). Affiliated transactions of purchase and sale of goods, provision and acceptance of services

Purchasing goods/accepting labor service form

√ Applicable □not applicable

Unit: Currency: RMB

Related party	Related transaction content	Amount incurred in the current period	Approved transaction amount (if applicable)	Whether the transaction limit is exceeded (if applicable)	Amount incurred in the previous period
Lanzhuo Digital Technology Co., Ltd.	Purchasing goods	39,492,947.03	150,000,000.00	no	30,882,676.10
SUPCON Global Technology (Hangzhou) Co., Ltd.	Purchasing goods	6,513,566.43	30,000,000.00	no	3,814,189.95

Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	Purchasing goods	2,362,831.85	10,000,000.00	no	597,345.14
Zhejiang Supcon Ruixin Intelligent Technology Co., Ltd.	Purchasing goods	7,172,913.29	14,000,000.00	no	3,528,545.87
Zhejiang Guoli Network Security Technology Co., Ltd.	Purchasing goods	546,017.70	10,000,000.00	no	4,759,292.03
Shanghai Huayi Information Technology Co., Ltd.	Purchasing goods	1,625,770.86	40,000,000.00	no	
Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	Purchasing goods	338,070.80	2,000,000.00	no	
Petrochemical Yingke Information Technology Co., Ltd.	Purchasing goods	233,819.48	200,000,000.00	no	
Zhongyi Wood Engineering Co., Ltd.	Purchasing goods	181,775.00	20,000,000.00	no	
Small count		58,467,712.44	476,000,000.00		43,582,049.09

Sales of goods/provision of labor services

√ Applicable □not applicable

Unit : Yuan Currency: RMB

Related party	Related transaction content	Amount incurred in the current period	Amount incurred in the previous period
Lanzhuo Digital Technology Co., Ltd.	sell goods		22,123.89
	service charge	28,615.03	

SUPCON Global Technology (Hangzhou) Co., Ltd.	sell goods	2,821.67	258,318.58
Zhejiang Supcon Information Industry Co., Ltd.	sell goods	881,915.94	39,087,058.83
	service charge	88,685.84	
Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	sell goods	3,512,718.61	1,999,691.20
	service charge	394,058.05	
Zhejiang Kesheng Technology Co., Ltd.	sell goods	13,015.44	13,318.58
	service charge	23,292.04	
Zhejiang Supcon Research Institute Co., Ltd.	sell goods	97,876.10	440,838.05
	service charge	5,150.44	
Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	sell goods	776,140.67	1,568,498.31
	service charge	39,148.13	
Beget Group Co., Ltd.	sell goods		1,892,035.40
Petrochemical Yingke Information Technology Co., Ltd.	sell goods	5,045,926.13	
Linhai Industrial Brain Co., Ltd.	sell goods	1,128,503.04	
	service charge	446,637.17	
Qinghai Supcon Solar Power Co., Ltd.	service charge	1,725.66	
Zhejiang Gaosheng Photothermal Power Technology Research Institute Co., Ltd.	sell goods	23,008.85	
Shanghai Huayi Information Technology Co., Ltd.	sell goods	1,581,080.22	
Zhongyi Wood Engineering Co., Ltd.	sell goods	3,860,936.28	
Shenzhen Shengchao Intelligent Information Technology Co., Ltd.	sell goods	3,708,561.78	
Zhejiang Zhongju Smart Technology Co., Ltd.	sell goods	3,168,094.32	
Anhui Huayi Central Control Technology Co., Ltd.	sell goods	287,375.22	
	service charge	14,491.15	
Zhejiang Chint Zhongzi Control Engineering Co., Ltd.	sell goods	2,639,175.04	
Small count		27,768,952.82	45,281,882.84

Explanation of affiliated transactions of purchase and sale of goods, provision and acceptance of services
□Applicable √not applicable

(2). Related entrusted management/contracting and entrusted management/contracting

The company's entrusted management/contracting situation table:
□Applicable √not applicable
Description of related trusteeship/contracting
□Applicable √not applicable

The company's entrusted management/outsourcing situation table:

□Applicable √not applicable
Association management/outsourcing situation description
□Applicable √not applicable

(3). Related Lease Situation

The Company as lessor:
√ Applicable □not applicable

Unit: RMB

lessee name	Types of Leased Assets	Lease income recognized in the current period	Lease income recognized in the previous period
Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	Buildings and their ancillary facilities	536,799.50	197,963.87
Hangzhou Deep Blue Digital Intelligence Technology Co., Ltd.	Buildings and their ancillary facilities	453,207.99	
Lanzhuo Digital Technology Co., Ltd.	Buildings and their ancillary facilities	476,028.18	
Zhejiang Zhongjing Software Development Co., Ltd.	Buildings and their ancillary facilities	441,423.50	
SUPCON Global Technology (Hangzhou) Co., Ltd.	Buildings and their ancillary facilities	274,650.31	
Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	Buildings and their ancillary facilities	474,991.93	
Zhejiang Kesheng Technology Co., Ltd.	Buildings and their ancillary facilities	1,059,252.91	
Zhejiang Guoli Network Security Technology Co., Ltd.	Buildings and their ancillary facilities	115,293.24	
Supcon Industrial Park Operation Management Co., Ltd.	Buildings and their ancillary facilities	488,924.33	
Zhejiang Gaosheng Photothermal Power Technology Research Institute Co., Ltd.	Buildings and their ancillary facilities	564.62	
Zhejiang Supcon Ruixin Intelligent Technology Co., Ltd.	Buildings and their ancillary facilities		183,145.95
Small count		4,321,136.51	381,109.82

The company as lessee:
√ Applicable ☐not applicable

Unit: RMB

lessor name	Types of Leased Assets	Simplified treatment of rental expenses for short-term leases and leases of low-value assets (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		rent paid		Interest expense on lease liability 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
Supcon Industrial Park Operation Management Co., Ltd.	Buildings and their ancillary facilities	16,752,174.70	9,211,077.88			31,468,179.67					
Small count		16,752,174.70	9,211,077.88			31,468,179.67					

Description of related leases
☐Applicable √ not applicable

(4). **Related Guarantees _**

The company as a guarantor

☐Applicable √not applicable

The company as the guaranteed party

☐Applicable √not applicable

Description of related guarantees

☐Applicable √not applicable

(5). **Fund lending to related parties**

☐Applicable √not applicable

(6). **Asset transfer and debt restructuring of related parties**

☐Applicable √not applicable

(7). **Compensation of key management personnel**

√ Applicable ☐not applicable

Unit: 10,000 yuan Currency: RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Compensation of key management personnel	6 12.86	5 46.78

(8). **Other related transactions**

√ Applicable ☐not applicable

unit: RMB

Related party name	Amount incurred in the current period	The same period last year
Chu Jian	9 47,052.00	250,002.00
Small count	947,052.00	250,002.00

6、 **Receivables and payables of related parties**

(1). **Receivables**

√ Applicable ☐not applicable

Unit: RMB

project name	Related party	Ending balance		Opening Balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
accounts receivable	Jiaxing Industrial Internet Innovation Center Co., Ltd.			2,429,999.99	121,500.00
	Lanzhuo Digital Technology Co., Ltd.	65,500.60	3,275.03	713,074.39	35,653.72
	Linhai Industrial Brain Co., Ltd.	760,041.60	38,002.08	529,787.35	26,489.37
	Qinghai Supcon Solar Power Co., Ltd.	441,323.00	207,261.85	475,819.10	185,056.38

	Shanghai Huayi Information Technology Co., Ltd.	524,938.18	26,246.91	1,021,389.18	51,069.46
	Shanghai Xinhua Control Technology (Group) Co., Ltd.	53,500.00	53,500.00	53,500.00	53,500.00
	Petrochemical Yingke Information Technology Co., Ltd.	4,035,659.43	517,279.83	4,159,459.43	320,746.44
	Zhejiang Gaosheng Photothermal Power Technology Research Institute Co., Ltd.	162,079.99	14,908.00	200,779.99	10,039.00
	Zhejiang Guoli Network Security Technology Co., Ltd.	137,104.24	6,969.10	455.57	45.56
	SUPCON Global Technology (Hangzhou) Co., Ltd.			251,151.61	12,557.58
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	3,677,256.27	267,100.21	2,562,458.56	150,541.90
	Zhejiang Zhongchengxin Engineering Technology Co., Ltd.	110,970.00	64,377.00	110,970.00	110,970.00
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	7,000,138.21	389,623.05	4,026,834.76	207,738.39
	Zhejiang Supcon Ruixin Intelligent Technology Co., Ltd.	210,557.43	10,527.87	340,290.50	17,014.53
	Zhejiang Supcon Information Industry Co., Ltd.	14,802,509.46	1,194,492.00	18,712,071.34	953,165.22
	Zhejiang Supcon Research Institute Co., Ltd.	434,387.47	242,411.74	822,737.47	301,406.20
	Supcon Technology Group Co., Ltd.	48,532.95	3,598.71	48,532.95	3,598.71
	Shaoxing Industrial Internet Innovation Development Co., Ltd.	12,400.00	3,720.00	12,400.00	1,240.00
	Zhejiang Kesheng Technology Co., Ltd.	1,515,327.98	186,200.64		
	Zhejiang Guozi Robot Technology Co., Ltd.	32,012.61	24,004.61		
	Zhejiang Zhongjing Software Development Co., Ltd.	492,322.07	24,616.10		

	Supcon Industrial Park Operation Management Co., Ltd.	157,202.98	7,860.15		
	Hangzhou Deep Blue Digital Intelligence Technology Co., Ltd.	71,013.10	3,550.66		
	Ningbo Supcon Microelectronics Co., Ltd.	29,332.78	2,420.62		
	Zhejiang Chint Zhongzi Control Engineering Co., Ltd.	4,600,918.92	230,045.95		
	Beijing Shengchao Intelligent Technology Co., Ltd.	30,000.00	9,000.00		
	Zhejiang Zhongju Smart Technology Co., Ltd.	49,940.00	2,497.00		
	Anhui Huayi Central Control Technology Co., Ltd.	226,384.00	11,319.20		
	Lanzhuo Digital Technology (Hangzhou) Co., Ltd.	30,371.68	1,518.58		
Subtotal		39,711,724.95	3,546,326.89	36,471,712.19	2,562,332.46
bill receivable	Zhejiang Guozi Robot Technology Co., Ltd.			160,000.00	
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	4,049,013.00		4,648,349.00	
	Zhejiang Supcon Information Industry Co., Ltd.			256,903.20	
	Zhejiang Kesheng Technology Co., Ltd.	364,000.00			
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	581,470.00			
	Zhejiang Chint Zhongzi Control Engineering Co., Ltd.	2,467,239.92			
Subtotal		7,461,722.92		5,065,252.20	
Receivables Financing	Shanghai Xinhua Control Technology Group Technology Co., Ltd.			79,623.00	
	Zhejiang Supcon Information Industry Co., Ltd.	726,000.00		257,748.00	
Subtotal		726,000.00		337,371.00	
contract	Jiaxing Industrial Internet	562,499.99	56,250.00	562,500.00	28,125.00

assets	Innovation Center Co., Ltd.				
	Linhai Industrial Brain Co., Ltd.			77,000.00	3,850.00
	Shanghai Huayi Information Technology Co., Ltd.	62,627.00	3,131.35	61,177.00	3,058.85
	Petrochemical Yingke Information Technology Co., Ltd.	1,092,800.00	327,840.00	500,000.00	50,000.00
	Zhejiang Gaosheng Photothermal Power Technology Research Institute Co., Ltd.	46,160.00	4,616.00	46,160.00	2,308.00
	Zhejiang Supcon Information Industry Co., Ltd.	3,346,131.24	334,613.12	1,728,967.93	86,448.40
	Zhongyi Wood Engineering Co., Ltd.	124,790.50	12,479.05	124,790.50	6,239.53
	Shaoxing Industrial Internet Innovation Development Co., Ltd.	72,200.00	21,660.00	72,200.00	7,220.00
	Qinghai Supcon Solar Power Co., Ltd.	18,946.10	11,367.66		
Subtotal		5,326,154.83	771,957.18	3,172,795.43	187,249.78
Prepayments	Supcon Industrial Park Operation Management Co., Ltd.	12,292,331.05		52,149.77	
	SUPCON Global Technology (Hangzhou) Co., Ltd.	581,780.00		401,769.74	
	Anhui Huayi Central Control Technology Co., Ltd.	206,544.36			
	Jinta Zhongguang Solar Power Co., Ltd.	2,000.00		2,000.00	
	Zhejiang Kesheng Technology Co., Ltd.	1,000.00			
	Lanzhuo Digital Technology Co., Ltd.			209,500.00	
	Zhejiang Guozi Robot Technology Co., Ltd.			426,000.00	
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.			50,000.00	
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.			354,153.98	
	Zhejiang Supcon			170,000.00	

	Information Industry Co., Ltd.				
	Zhejiang Supcon Research Institute Co., Ltd.			788,586.30	
	Ningbo Supcon Microelectronics Co., Ltd.	39,149.73			
Subtotal		13,122,805.14		2,454,159.79	
other receivables	Hangzhou Deep Blue Digital Intelligence Technology Co., Ltd.			43,735.34	2,186.77
	Jinta Zhongguang Solar Power Co., Ltd.			100,000.00	5,000.00
	Qinghai Supcon Solar Power Co., Ltd.	65,500.00	65,500.00	65,500.00	65,500.00
	Zhejiang Guoli Network Security Technology Co., Ltd.	31,994.71	3,199.47	31,994.71	3,199.47
	Zhejiang Kesheng Technology Co., Ltd.	50,000.00	2,500.00	23,625.37	1,181.27
	SUPCON Global Technology (Hangzhou) Co., Ltd.			43,735.34	2,186.77
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	464,401.12	29,283.51	320,639.15	16,031.96
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.			50,045.22	2,502.26
	Zhejiang Supcon Information Industry Co., Ltd.			325,825.06	195,495.04
	Supcon Industrial Park Operation Management Co., Ltd.	3,678,595.00	183,929.75	25,203.49	1,260.17
	Ningbo Supcon Microelectronics Co., Ltd.	2,788.09	2,788.09		
Subtotal		4,293,278.92	287,200.82	1,030,303.68	294,543.71
Other non-current assets	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	1,068,000.00			
	Zhejiang Supcon Information Industry Co., Ltd.	50,000.00			
	Zhejiang Yuanchuang Intelligent Control	14,297.50		925,400.02	

	Technology Co., Ltd.				
Subtotal		1,132,297.50		925,400.02	

(2). **payable items**

√ Applicable □not applicable

Unit: Currency: RMB

project name	Related party	Closing book balance	Opening book balance
accounts payable	Beijing Dameisheng Software Co., Ltd.	2,474,100.00	
	Lanzhuo Digital Technology (Hangzhou) Co., Ltd.	300,000.00	
	Lanzhuo Digital Technology Co., Ltd.	41,129,193.78	28,461,880.96
	Shanghai Huayi Information Technology Co., Ltd.	8,736,283.49	14,327,278.03
	Petrochemical Yingke Intelligent Technology Co., Ltd.	8,910,447.77	
	Zhejiang Guoli Network Security Technology Co., Ltd.	1,963,249.55	2,728,169.91
	Zhejiang Guozi Robot Technology Co., Ltd.	2,929,709.45	1,313,760.69
	SUPCON Global Technology (Hangzhou) Co., Ltd.	5,029,915.01	10,864,378.12
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	1,093,807.55	1,186,828.71
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	1,280,112.39	
	Zhejiang Supcon Ruixin Intelligent Technology Co., Ltd.	8,852,904.63	8,105,123.72
	Zhejiang Supcon Information Industry Co., Ltd.	428,450.16	428,450.16
	Zhejiang Supcon Research Institute Co., Ltd.	128,172.56	128,172.56
	Zhongyi Wood Engineering Co., Ltd.	47,000.00	47,000.00
	Zhejiang Zhongchengxin Engineering Technology Co., Ltd.		114,871.79
	Shaoxing Industrial Internet Innovation Development Co., Ltd.		24,000.00
	Ningbo Xinran Technology Co., Ltd.	42,000.00	
Subtotal		83,345,346.34	67,729,914.65
Notes payable	Lanzhuo Digital Technology Co., Ltd.	2,652,267.43	1,788,957.34
	Shanghai Huayi Information Technology Co., Ltd.	777,209.00	1,058,830.15

	Zhejiang Guoli Network Security Technology Co., Ltd.		1,014,513.00
	Zhejiang Guozi Robot Technology Co., Ltd.		426,000.00
	SUPCON Global Technology (Hangzhou) Co., Ltd.	1,869,347.45	2,549,928.50
	Zhejiang Yuanchuang Intelligent Control Technology Co., Ltd.	352,553.50	197,500.00
	Zhejiang Zhongkong Science and Education Instrument Equipment Co., Ltd.	875,300.00	420,088.58
	Zhongyi Wood Engineering Co., Ltd.	192,681.50	40,500.00
	Anhui Huayi Central Control Technology Co., Ltd.	232,799.23	
	Petrochemical Yingke Intelligent Technology Co., Ltd.	130,000.00	
	Zhejiang Supcon Information Industry Co., Ltd.	330,000.00	
Subtotal		7,412,158.11	7,496,317.57
contract liabilities	Beget Group Co., Ltd.	588,289.81	185,075.65
	Hangzhou Deep Blue Digital Intelligence Technology Co., Ltd.	38,952.00	43,735.34
	Linhai Industrial Brain Co., Ltd.	2,015,781.96	152,927.95
	Ningbo Future Qingyuan Medical Technology Co., Ltd.	285,000.00	285,000.00
	Pandong (Zhejiang) Electric Technology Co., Ltd.	149,141.59	84,070.80
	Shenzhen Shengchao Intelligent Information Technology Co., Ltd.	60,274.35	2,879,868.69
	Zhejiang Tenneng Power Technology Co., Ltd.	175,221.24	99,000.00
	Zhongyi Wood Engineering Co., Ltd.		2,580,000.00
	Lanzhuo Digital Technology Co., Ltd.	102,919.25	
Subtotal		3,415,580.20	6,309,678.43
Other payables	SUPCON Global Technology (Hangzhou) Co., Ltd.	93,648.50	
	Supcon Industrial Park Operation Management Co., Ltd.	88,633.86	
Subtotal		182,282.36	

7、 Related Party Commitment

□Applicable √not applicable

8、 other

□Applicable √not applicable

XIII. share payment

1、 General Situation of Share Payment

√ Applicable □not applicable

Unit: share Currency: RMB

The total amount of equity instruments granted by the company in the current period	0
The total amount of equity instruments exercised by the company in the current period	535,018
The total amount of various equity instruments that expired in the current period	43,500
The range of the exercise price of the company's outstanding stock options at the end of the period and the remaining period of the contract	Exercise price: 12.00 yuan/share: Remaining contract period: 6 months
The scope of the exercise price of other equity instruments issued by the company at the end of the period and the remaining period of the contract	Exercise price: 39.50 yuan/share: Remaining contract period: 42 months

other instructions

1. The first employee stock ownership plan in 2019

According to the resolution of the company's first extraordinary general meeting of shareholders in 2019 on April 22, 2019 and the resolution of the tenth meeting of the fourth session of the board of directors, the company implemented the first phase of the employee stock ownership plan and authorized the board of directors to handle related matters with full authority. Shenwan Hongyuan Securities Co., Ltd. as the manager of the asset management plan for the first phase of the employee stock ownership plan passed the transfer of the company held by Yu Haibin, Yuan Jianrong, Zhou Xiaowen, and Hangzhou Zhongjing Equity Investment Partnership (Limited Partnership) on May 31, 2019. There are 20,436,563 shares, and employees indirectly enjoy the corresponding rights and interests through the share of the employee stock ownership plan. On June 4, 2019, the Supcon Technology employee stockholding No. 1 single asset management plan was filed. The price for employees to subscribe for the company's shares through the employee stock ownership plan is lower than the price for external investors to subscribe for the company's shares during the same period, so it constitutes share-based payment. According to the Accounting Standards for Business Enterprises, based on the best estimate of vesting equity instruments, the company recognizes the share-based payment expenses according to the fair value of the equity instruments on the date of grant, and amortizes them within the set service period. The cost is 12,220,768.06 yuan, which is also included in the capital reserve (share capital premium) of 12,220,768.06 yuan.

2. The second employee stock ownership plan in 2019

According to the resolution of the company's second extraordinary general meeting of shareholders in 2019 on September 2, 2019 and the resolution of the 14th meeting of the fourth session of the board of directors, the company implemented the second phase of the employee stock ownership plan and authorized the board of directors to handle related matters with full authority. In the second phase of the employee stock ownership plan, CITIC Securities Co., Ltd., as the manager of the asset management plan, purchased 12 million shares of the company's stock through a targeted capital increase at a capital increase price of 6 yuan per share. On September 16, 2019, the Supcon Technology employee stockholding No. 2 single asset management plan was filed. The price of 6 yuan/share for employees to subscribe for the company's shares through the employee stock ownership plan is lower than the price of 11 yuan/share for external investors to subscribe for the company's shares during the same period, so it constitutes share-based payment. According to the Accounting Standards for Business Enterprises, based on the best estimate of vesting equity instruments, the company recognizes the share-based payment expenses according to the fair value of the equity instruments on the date of grant, and amortizes them within the set service period. The cost is 7,098,441.56 yuan, which is also included in the capital reserve (share premium) of 7,098,441.56 yuan.

3. Stock option incentive plan

According to the resolution of the company's second extraordinary general meeting of shareholders in 2019 on September 2, 2019 and the resolution of the 14th meeting of the fourth session of the board of directors, the company granted 12 million stock options to directors, executives, and core personnel, and the exercise price of stock options was 12 Yuan/share, exercise rights in four batches. According to the resolution of the 16th meeting of the fourth board of directors of the company on September 18, 2019, September 23, 2019 was determined as the option grant date. The fair value of the company's stock options is calculated and determined using the Black-Scholes option pricing model. The value of each stock option with a 1-year period is 0.9108 yuan/share, the value of each stock option with a 2-year period is 1.4490 yuan/share, and the value of each stock option with a 3-year period is The option value is 1.4915 yuan/share, and the value of each stock option with a period of 4 years is 2.4609 yuan/share. According to the Accounting Standards for Business Enterprises, based on the best estimate of vesting equity instruments, the company recognizes the share-based payment expenses according to the fair value of the equity instruments on the date of grant, and amortizes them within the set service period. The cost is 924,318.66 yuan, which is also included in the capital reserve (other capital reserve) of 924,318.66 yuan.

4. Equity Incentives for Partnership Enterprises

In September 2019, 41 incentive targets contributed capital to subscribe for the partnership shares of Deqing Jiafu Enterprise Management Partnership (Limited Partnership), a shareholding platform controlled by the actual controller of the company, and acquired the company's shares through indirect shareholding. The incentive object indirectly subscribes to the company's shares at a price of 2.76 yuan per share, while the external investor subscribes to the company's shares at a price of 11 yuan per share, so it constitutes a share-based payment.

According to the Accounting Standards for Business Enterprises, based on the best estimate of vesting equity instruments, the company recognizes the share-based payment expenses according to the fair value of the equity instruments on the date of grant, and amortizes them within the set service period. The cost is 8,805,758.40 yuan, which is also included in the capital reserve (stock premium) of 8,805,758.40 yuan.

5. Restricted stock equity incentives

According to the resolution of the eighth meeting of the fifth session of the board of directors and the resolution of the third extraordinary general meeting of shareholders in 2021, the company implements the 2021 restricted stock incentive plan and authorizes the board of directors to handle related matters with full authority. On January 14, 2022, the company held the ninth meeting of the fifth board of directors to grant 2,989,500 restricted shares to senior management, core backbone personnel, and other personnel that the board of directors consider to be in need of incentives. The restricted stock grant price is 39.50 yuan/ Shares will be exercised in five batches, and January 14, 2022 will be determined as the granting date of restricted stock equity incentives. The fair value of the company's restricted stock is calculated and determined using the Black-Scholes pricing model. The value of each restricted stock for the 1-year term is 32.04 yuan/share, the value of each restricted stock for the 2-year term is 32.90 yuan/share, and the value of each restricted stock for the 3-year term is The value of each restricted stock is 34.25 yuan/share, the value of each restricted stock for 4 years is 35.16 yuan/share, and the value of each restricted stock for 5 years is 35.91 yuan/share. According to the Accounting Standards for Business Enterprises, based on the best estimate of vesting equity instruments, the company recognizes the share-based payment expenses according to the fair value of the equity instruments on the date of grant, and amortizes them within the set service period. The cost is 11,811,956.46 yuan, which is also included in the capital reserve (other capital reserve) of 11,811,956.46 yuan.

2、 Equity-settled share-based payment

√ Applicable □not applicable

Unit: RMB

Method for determining the fair value of equity instruments on the date of grant	Estimated fair value at grant date using Black-Scholes pricing model
Basis for determining the number of exercisable equity instruments	Determined based on the latest changes in the number of exercisable rights, the performance assessment conditions of each vesting period, and the assessment results of incentive objects
Reasons for significant differences between current estimate and previous estimate	none
Accumulated amount of equity-settled share-based payment included in capital reserve	332,111,961.38
The total amount of expenses confirmed by equity-settled share-based payment in the current period	40,861,243.14

other instructions
none

3、 Cash-settled share-based payment
□Applicable √not applicable

4、 Modification and termination of share-based payment
□Applicable √not applicable

5、 other
□Applicable √not applicable

XIV. commitments and contingencies

1、 Important Commitments _
□Applicable √not applicable

2、 contingencies
(1). Important contingencies existing on the balance sheet date
□Applicable √not applicable

(2). If the company has no important contingencies that need to be disclosed, it should also explain:
□Applicable √not applicable

3、 other
□Applicable √not applicable

XV. Events after the balance sheet date

1、 Important Non- Adjusting Matters
□Applicable √not applicable

2、 Profit distribution _

□Applicable √not applicable

3、 sales return
□Applicable √not applicable

4、 Description of other events after the balance sheet date
□Applicable √not applicable

XVI. other important matters

1、 Correction of previous accounting errors

(1). retrospective restatement

□Applicable √not applicable

(2). prospective application

□Applicable √not applicable

2、 debt restructuring

□Applicable √not applicable

3、 asset replacement

(1). Exchange of non-monetary assets

□Applicable √not applicable

(2). Other asset replacement

□Applicable √not applicable

4、 annuity plan

□Applicable √not applicable

5、 cease operations

□Applicable √not applicable

6、 Branch information

(1). Determination Basis and Accounting Policies of Reporting Segments

√ Applicable □not applicable

The company determines the reporting segments based on the internal organizational structure, management requirements, internal reporting system, etc., and determines the reporting segments based on the product segment.

(2). Reporting Segment Financial Information

√ Applicable □not applicable

Unit: RMB

project	Industrial Automation and Intelligent Manufacturing Solutions	Instrumentation	industrial software	Operation and maintenance service	S2B platform business	other	Intersegment elimination	total
Main business income	1,958,941,818.70	204,958,801.34	615,252,286.87	104,779,445.06	676,018,124.35	58,874,074.99		3,618,824,551.31
Main business cost	1,150,372,454.88	143,559,266.04	421,336,245.62	65,240,767.71	611,507,964.14	48,173,776.34		2,440,190,474.73

(3). If the company has no reportable segment, or cannot disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

□Applicable √not applicable

(4). **other instructions**

□Applicable √not applicable

7、 Other important transactions and events affecting investors' decision-making

√ Applicable □not applicable

lease

1. Company as lessee

(1) For details about the right-to-use assets, please refer to the description of "VII. 25 Right-to-Use Assets" in "Section 10 Financial Report";

(2) For details of the company's accounting policies on short-term leases and low-value asset leases, please refer to "V. 42 Leases" in "Section 10 Financial Reports". The amounts of short-term leasing expenses and low-value asset leasing expenses included in the current profit and loss are as follows:

Unit: RMB

project	current period	The same period last year
short-term rental fee	25,073,249.94	17,166,689.74
Rental expenses of low-value assets (other than short-term leases)		
total	25,073,249.94	17,166,689.74

(3) Current profit and loss and cash flow related to leasing

Unit: Currency: RMB

project	current period	The same period last year
Interest expense on the lease liability	537,700.08	452,088.70
Total cash outflows related to leases	29,599,377.74	26,286,927.59

(1) For details on the maturity analysis of lease liabilities and the corresponding liquidity risk management, please refer to "Section 10 Explanation of " X. (2) Liquidity Risk " in "Financial Report " .

2. Company as lessor

operating lease

(1) Rental income

Unit: RMB

project	current period	The same period last year
rental income	20,558,828.51	10,457,836.14

(2) Operating lease assets

Unit: RMB

project	Ending balance	End of last year
investment property	75,481,622.64	77,039,311.06
Subtotal	75,481,622.64	77,039,311.06

Please refer to the description of "VII. 20 Investment Real Estate" in "Chapter 10 Financial Report" for details of operating leased out fixed assets.

8、 other

□Applicable √not applicable

XVII. Notes to the main items of the financial statements of the parent company

1、 accounts receivable

(1). Disclosure by age

√ Applicable ☐not applicable

Unit: RMB

aging	Closing book balance
within 1 year	
Among them: sub-items within 1 year	
within 1 year	1,528,667,720.54
Subtotal within 1 year	1,528,667,720.54
1 to 2 years	236,203,307.22
2 to 3 years	44,143,311.59
3 to 4 years	39,260,161.76
over 4 years	46,446,767.57
total	1,894,721,268.68 _

(2). **Disclosure by classification of provision for bad debts**

√ Applicable ☐not applicable

Unit: RMB

category	Ending balance					Opening Balance				
	Book balance		Bad debt provision		book value	Book balance		Bad debt provision		book value
	the amount	Ratio (%)	the amount	Accrual ratio (%)		the amount	Ratio (%)	the amount	Accrual ratio (%)	
Provision for bad debts by single item	16,789,563.21	0.89 _	16,789,563.21	1 00.00		17,625,084.08	1.18	17,625,084.08	100.00	
in:										
Single provision	16,789,563.21	0.89	16,789,563.21	100.00		17,625,084.08	1.18	17,625,084.08	100.00	
Provision for bad debts by portfolio	1,877,931,705.47	9 9.11	125,163,356.51	6.66 _	1,752,768,348.96	1,480,071,962.58	98.82	118,185,920.63	7.99	1,361,886,041.95
in:										
Aging Portfolio	1,877,931,705.47	99.11	125,163,356.51	6.66	1,752,768,348.96	1,480,071,962.58	98.82	118,185,920.63	7.99	1,361,886,041.95
total	1,894,721,268.68	/	141,952,919.72	/	1,752,768,348.96	1,497,697,046.66	/	135,811,004.71	/	1,361,886,041.95

Provision for bad debts by single item:
√ Applicable ☐not applicable

Unit: RMB

name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio (%)	Provision reason
Anshun Hongsheng Chemical Co., Ltd.	4,130,433.63	4,130,433.63	100.00	expected to be irretrievable
Hebei Yongshun Industrial Group Co., Ltd.	1,500,000 . 00	1,500,000.00	100.00	expected to be irretrievable
Qujing Zhongyi Synthetic Chemical Co., Ltd.	1,407,452.98	1,407,452.98	100.00	expected to be irretrievable
Other sporadic total (67 households)	9,751,676.60	9,751,676.60	100.00	expected to be irretrievable
total	16,789,563.21	16,789,563.21	100.00	/

Explanation on accrual of bad debt provision by single item:
v

Provision for bad debts by combination:
√ Applicable ☐not applicable
Portfolio provision items: provision for bad debts in combination according to credit risk characteristics

Unit: RMB

name	Ending balance		
	accounts receivable	Bad debt provision	Accrual ratio (%)
Associated transactions within the scope of consolidation	308,854,723.21		
Aging Portfolio	1,569,076,982.26	125,163,356.51	7.98 _
total	1,877,931,705.47	125,163,356.51	6.66 _

Recognition standards and instructions for accruing bad debts by combination:
√ Applicable ☐not applicable

aging	Ending balance		
	Book balance	Bad debt provision	Accrual ratio (%)
within 1 year	1,339,176,755.94	66,958,837.80	5.00
1-2 years	152,977,105.92	15,297,710.58	10.00
2-3 years	35,959,844.03	10,787,953.21	30.00
3-4 years	22,111,053.63	13,266,632.18	60.00
over 4 years	18,852,222.74	18,852,222.74	100.00
Subtotal	1,569,076,982.26	125,163,356.51	7.98 _

If the provision for bad debts is made according to the general model of expected credit losses, please refer to the disclosure of other receivables:

□Applicable √not applicable

(3). **Provision for bad debts**

√ Applicable □not applicable

Unit: Currency: RMB

category	Opening Balance	Amount of change in the current period				Ending balance
		Provision	withdraw or transfer back	Write-off or write-off	other changes	
Single provision for bad debts	17,625,084.08	246,856.71	-1,082,377.58			16,789,563.21
Provision for bad debts by portfolio	118,185,920.63	6,820,260.36	3 05,275.52	148,100.00		125,163,356.51
total	135,811,004.71	7,067,117.07	- 777,102.06	148,100.00		141,952,919.72

Among them, the recoverable or reversed amount of bad debt provision in the current period is important:

√ Applicable □not applicable

Unit: RMB

company name	Amount withdrawn or reversed	Recovery method
Dongying Liyuan Environmental Protection Technology Co., Ltd.	640,200.00	bank transfer back
Shandong Changyi Haineng Chemical Co., Ltd.	293,000.00	bank transfer back
Zhejiang Duojisheng Supply Chain Technology Co., Ltd.	160,475.60	bank transfer back
Ordos Jinchengtai Chemical Co., Ltd.	101,837.58	bank transfer back
Yueyang Fengli Paper Co., Ltd.	58,000.00	bank transfer back
Anyang Yongjin Chemical Co., Ltd.	30,599.92	bank transfer back
Shandong Wudi Jinrun Chemical Co., Ltd.	25,200.00	bank transfer back
Pingxiang Jimei Environmental Protection New Material Manufacturing Co., Ltd.	20,000.00	Withdrawal of bank deposits
Shandong Wanfuda Chemical Co., Ltd.	15,500.00	Withdrawal of bank deposits
Henan Gas (Group) Co., Ltd. Yima Gasification Plant	15,000.00	Withdrawal of bank deposits
Jinan Guoneng Environmental Engineering Co., Ltd.	15,000.00	Withdrawal of bank deposits
Shaanxi Jinlong Cement Co., Ltd.	11,000.00	Withdrawal of bank deposits
Qujing Zhongyi Synthetic Chemical Co., Ltd.	1,840.00	Withdrawal of bank deposits
total	1,387,653.10	/

other instructions:

none

(4). Accounts receivable actually written off in the current period

√ Applicable □not applicable

Unit: RMB

project	Write-off amount
Accounts receivable actually written off	148,100.00

Among them, the write-off of important accounts receivable
√ Applicable □not applicable

Unit: RMB

company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether the payment is generated by related transactions
Jiangsu Hongbo New Material Co., Ltd.	payment	6,000.00	The counterparty's solvency has deteriorated, and the payment is expected to be irrecoverable	management approval	no
Yongchang Peilin Chemical Co., Ltd.	payment	142,100.00			
total		148,100.00	/	/	/

Accounts receivable write-off instructions:
□Applicable √not applicable

(5). Accounts receivable of the top five ending balances collected by debtors

√ Applicable □not applicable

company name	Ending balance	Proportion to the total ending balance of accounts receivable (%)	Closing balance of provision for bad debts
Zhejiang SUPCON System Engineering Co., Ltd.	72,462,489.77	3.82	
China Nuclear Power Engineering Co., Ltd. Zhengzhou Branch	62,143,149.76	3.28	3,107,157.49
Ningbo Zhongkong Automation Technology Co., Ltd.	35,778,152.55	1.89	
China National Petroleum Corporation	31,778,168.09	1.68	3,486,850.01
Zhejiang Supcon Software Technology Co., Ltd.	28,805,095.45	1.52	
combine count	230,967,055.62	12.19	6,594,007.50

(6). Accounts receivable derecognized due to transfer of financial assets

☐Applicable √not applicable

(7). The amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

☐Applicable √not applicable

Other notes:
☐Applicable √not applicable

2、 other receivables

project list

√ Applicable ☐not applicable

Unit: RMB

project	Ending balance	Opening Balance
interest receivable		
dividend receivable		
other receivables	678,089,205.45	457,844,622.93
total	678,089,205.45	457,844,622.93

other instructions:
☐Applicable √not applicable

interest receivable

(1). Classification of interest receivable

☐Applicable √not applicable

(2). Important Overdue Interest

☐Applicable √not applicable

(3). Provision for bad debts

☐Applicable √not applicable

other instructions:
☐Applicable √not applicable

(4). dividend receivable

☐Applicable √not applicable

(5). Important dividends receivable aged over 1 year

☐Applicable √not applicable

(6). Provision for bad debts

☐Applicable √not applicable

other instructions:
☐Applicable √not applicable

other receivables

(7). **Disclosure by age**

√ Applicable ☐not applicable

Unit: RMB

aging	Closing book balance
within 1 year	
Among them: sub-items within 1 year	
within 1 year	343,769,466.89
Subtotal within 1 year	343,769,466.89
1 to 2 years	150,548,428.39
2 to 3 years	190,055,026.75
3 to 4 years	1,765,703.23
over 4 years	4,611,429.47
total	690,750,054.73

(8). **Classification by nature of payment**

√ Applicable ☐not applicable

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Transactions within the scope of consolidation	612,848,369.97	401,292,858.95
security deposit	49,860,480.21	44,656,227.11
Employee loan	12,853,000.00	14,187,195.06
Lease receivable	4,816,093.46	2,493,008.68
reserve fund	6,555,390.98	2,140,059.25
Withholding payment	965,850.23	948,570.91
Temporary payment receivable	876,738.19	862,975.20
service charge receivable	501,405.30	518,784.60
other	1,472,726.39	408,079.47
total	690,750,054.73	467,507,759.23

(9). **Provision for bad debts**

√ Applicable ☐not applicable

Unit: RMB

Bad debt provision	The first stage	second stage	The third phase	total
	Expected credit losses in the next 12 months	Expected credit losses throughout the duration (no credit impairment occurred)	Lifetime expected credit loss (credit impairment has occurred)	

January 1, 2023 balance	1,933,008.61	1,670,674.37	6,059,453.32	9,663,136.30
January 1, 2023 balance in current period				
-- Go to the second stage	-603,333.78	603,333.78		
-- Go to the third stage		-1,124,174.60	1,124,174.60	
-- Go back to the second stage				
-- Go back to the first stage				
Accrual for this period	1,081,131.69	56,834.02	1,859,747.27	2,997,712.98
Transfer back in this period				
Resell this issue				
Write off in this period				
other changes				
June 30, 2023 balance	2,410,806.52	1,206,667.57	9,043,375.19	12,660,849.28

Explanation on the significant changes in the book balance of other receivables with changes in loss provisions in the current period:
□Applicable √not applicable

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:
□Applicable √not applicable

(10). **Provision for bad debts**

√ Applicable □not applicable

Unit: RMB

category	Opening Balance	Amount of change in the current period				Ending balance
		Provision	withdraw or transfer back	Write-off or write-off	other changes	
Provision for bad debts by portfolio	9,663,136.30	2,997,712.98				12,660,849.28
total	9,663,136.30	2,997,712.98				12,660,849.28

Among them, the amount of bad debt provision reversed or recovered in the current period is important:
□Applicable √not applicable

(11). **Other receivables actually written off in the current period**

□Applicable √not applicable

Instructions for write-off of other receivables:
☐Applicable √not applicable

(12). Other receivables of the top five ending balances collected by debtors

√ Applicable ☐not applicable

Unit: RMB

company name	nature of payment	Ending balance	aging	Proportion to the total ending balance of other receivables (%)	Bad debt provision Ending balance
Supcon Technology (Fuyang) Co., Ltd.	Related parties within the scope of consolidation	161,223,664.23	within 1 year	23.34	
		121,149,112.21	1-2 years	17.54	
Zhejiang Supcon Software Technology Co., Ltd.	Related parties within the scope of consolidation	158,958,566.68	within 1 year	23.01	
Zhejiang Zhongkong Sensing Technology Co., Ltd.	Related parties within the scope of consolidation	36,031,818.28	within 1 year	5.22	
		26,062,880.40	1-2 years	3.77	
Zhejiang Zhongkong Fluid Technology Co., Ltd.	Related parties within the scope of consolidation	33,049,305.58	within 1 year	4.78	
Supcon Technology (Xi'an) Co., Ltd.	Related parties within the scope of consolidation	21,554,426.24	within 1 year	3.12	
total	/	558,029,773.62	/	80.78	

(13). Accounts receivable involving government grants

☐Applicable √not applicable

(14). Other receivables derecognized due to transfer of financial assets

☐Applicable √not applicable

(15). The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

☐Applicable √not applicable

Other notes:
☐Applicable √not applicable

3、 **Long-term equity investment**

√ Applicable ☐not applicable

Unit: RMB

project	Ending balance			Opening Balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	1,116,857,896.84		1,116,857,896.84	577,173,598.00		577,173,598.00
Investment in associates and joint ventures	846,160,978.44		846,160,978.44	671,531,265.74		671,531,265.74
total	1,963,018,875.28		1,963,018,875.28	1,248,704,863.74		1,248,704,863.74

(1) **Investment in subsidiaries**

√ Applicable ☐not applicable

Unit: RMB

Invested unit	Opening Balance	increase in this period	Decrease in this period	Ending balance	Provision for impairment in the current period	Closing balance of provision for impairment
Zhejiang SUPCON System Engineering Co., Ltd.	64,750,021.59			64,750,021.59		
Zhejiang Zhongkong Automation Instrument Co., Ltd.	55,872,814.17			55,872,814.17		
Zhejiang Zhongkong Fluid Technology Co., Ltd.	154,746,445.66			154,746,445.66		
Zhejiang Supcon Software Technology Co., Ltd.	50,148,292.19			50,148,292.19		
Supcon Technology (Hong Kong) Co., Ltd.	14,318,667.91			14,318,667.91		
Zhejiang Zhongkong Xizi	12,814,099.85			12,814,099.85		

Technology Co., Ltd.						
SUPINCO AUTOMATION PRIVATE LIMITED	17,382,469.36			17,382,469.36		
Supcon Technology (Xi'an) Co., Ltd.	52,049,335.58			52,049,335.58		
Hangzhou Baojie Investment Consulting Co., Ltd.	4,778,300.00			4,778,300.00		
Supcon Technology (Fuyang) Co., Ltd.	50,065,445.35			50,065,445.35		
Zhejiang Supcon Intelligent Technology Industry Development Co., Ltd.	25,750,000.00	24,250,000.00		50,000,000.00		
SUPCON Marine Equipment (Zhejiang) Co., Ltd.	2,550,000.00	2,550,000.00		5,100,000.00		
Zhejiang Gongziyi Network Co., Ltd.	10,193,427.37	264,110,000.00		274,303,427.37		
Zhejiang Zhongkong Park Intelligent Housekeeper Technology Co., Ltd.	10,000,000.00			10,000,000.00		
Supcon Innovation (Beijing) Energy Technology Co., Ltd.	16,407,540.01			16,407,540.01		
SUPCON INTERNATIONAL HOLDING PTE. LTD.	11,611,738.96	218,271,798.84		229,883,537.80		
Zhejiang Zhongkong Huiji Technology Co., Ltd.	23,400,000.00			23,400,000.00		
Supcon Hengdian Wind Energy Control Technology (Beijing) Co., Ltd.	335,000.00	502,500.00		837,500.00		
Zhejiang Supcon Well Oil & Gas Technology Co., Ltd.		15,000,000.00		15,000,000.00		
Supcon (Hangzhou) Venture Capital Co., Ltd.		15,000,000.00		15,000,000.00		
total	577,173,598.00	539,684,298.84		1,116,857,896.84		

(2) **in associates and joint ventures**

√ Applicable ☐not applicable

Unit: RMB

invest unit	Beginning balance	Changes in current period								end of period balance	Closing balance of provision for impairment
		additional investment	reduce investment	Investment gains and losses recognized under the equity method	Adjustments to other comprehensive income	Other equity changes	Declare a cash dividend or profit	Provision for impairment	other		
1. Joint venture											
Subtotal											
2. Joint venture											
SUPCON Global Technology (Hangzhou) Co., Ltd.	11,543,721.94			-3,115,595.36		4,324,147.20				12,752,273.78	
Jiaxing Industrial Internet Innovation Center Co., Ltd.	753,868.99			-277,557.74						476,311.25	
Petrochemical Yingke Information Technology Co., Ltd.	588,292,020.91			30,540,700.71	50,135.64					618,882,857.26	
Zhongyi Wood Engineering Co., Ltd.	70,941,653.90			2,620,224.09		-42,152.00				73,519,725.99	
Anhui Huayi Central Control Technology Co., Ltd.		3,500,000.00		-366,861.35						3,133,138.65	
Beijing Dameisheng		139,240,506.00		-1,843,834.49						137,396,671.51	

Software Co., Ltd.											
Subtotal	671,531,265.74	142,740,506.00		27,557,075.86	50,135.64	4,281,995.20				846,160,978.44	
total	671,531,265.74	142,740,506.00		27,557,075.86	50,135.64	4,281,995.20				846,160,978.44	

other instructions:
□Applicable √not applicable

4、 Operating Income and Operating Costs

(1). Operating income and operating costs

√ Applicable □not applicable

Unit: RMB

project	Amount incurred in the current period		Amount incurred in the previous period	
	income	cost	income	cost
Main business	2,763,630,525.55	1,824,012,529.06	2,243,756,373.65	1,423,428,176.43
Other business	5,825,287.45	988,727.98	5,738,767.50	358,433.44
total	2,769,455,813.00	1,825,001,257.04	2,249,495,141.15	1,423,786,609.87

(2). Income generated by the contract

√ Applicable □not applicable

Unit: RMB

Contract classification	total
Product Types	
Industrial Automation and Intelligent Manufacturing Solutions	1,860,760,639.87
Instrumentation	9,062,930.56
industrial software	575,816 , 100.15
Operation and maintenance service	110,690,946.98
S2B platform business	207,299,907.99
Subtotal	2,763,630,525.55
Classification by time of commodity transfer	
Recognize revenue at a point in time	2,755,053,538.53
Recognize revenue over a certain period of time	8,576,987.02
Subtotal	2,763,630,525.55
total	2,763,630,525.55

Description of revenue arising from the contract:

√ Applicable □not applicable

Unit: Yuan Currency: RMB

project	Current Amount	Previous amount
Revenue from customer contracts	2,763,630,525.55	2,244,350,505.46
total	2,763,630,525.55	2,244,350,505.46

(3). Description of performance obligations

□Applicable √not applicable

(4). Description of apportionment to remaining performance obligations

□Applicable √not applicable

other instructions:

none

5、 investment income

√ Applicable □not applicable

Unit : Yuan Currency : RMB

project	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income calculated by equity method	27,557,075.86	-1,264,225.13
Dividend income from other equity instrument investments during the holding period	492,417.72	
financial income	50,134,914.48	50,945,971.31
total	78,184,408.06	49,681,746.18

other instructions:
none

6、 other

□Applicable √not applicable

XVIII. additional materials

1、 Statement of non-recurring profit and loss for the current period

√ Applicable □not applicable

Unit: Currency: RMB

project	the amount	illustrate
Gains and losses on disposal of non-current assets	-528,671.65	Seven, 73; Seven, 75
Unauthorized approval, or no formal approval documents, or occasional tax refunds, reductions and exemptions		
Government subsidies included in the current profit and loss, except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, and are continuously enjoyed in accordance with certain standards or quantities	45,033,476.62	Seven, 84
Fund occupancy fees charged to non-financial enterprises included in current profit and loss		
The investment cost of the enterprise to obtain subsidiaries, associates and joint ventures is less than the income generated by the fair value of the identifiable net assets of the invested unit that should be enjoyed when the investment is obtained		

Non-monetary asset exchange gains and losses		
Profit and loss from entrusting others to invest or manage assets	51,474,764.48	Seven, 68
Provisions for asset impairment due to force majeure factors, such as natural disasters		
Debt restructuring profit and loss		
Enterprise reorganization expenses, such as expenses for relocating employees, integration expenses, etc.		
Profit and loss exceeding the fair value of a transaction whose transaction price is obviously unfair		
Net profit and loss for the current period from the beginning of the period to the date of combination of subsidiaries arising from a business combination under common control		
Profit and loss arising from contingencies unrelated to the normal business operations of the company		
In addition to the effective hedging business related to the company's normal business operations, gains and losses from changes in fair value arising from holding transactional financial assets, derivative financial assets, transactional financial liabilities, and derivative financial liabilities, as well as disposal of transactional financial assets and derivative financial assets Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	81,072.92	Seven, 68; Seven, 70
Accounts receivable and contract asset impairment provision that have been individually tested for impairment	1,532,377.58	Seven, 5
Profit and loss from external entrusted loans		
Profit and loss arising from changes in the fair value of investment real estate that adopts the fair value model for subsequent measurement		
The impact of one-time adjustment to the current profit and loss in accordance with the requirements of taxation, accounting and other laws and regulations on the current profit and loss		
Custody fee income from entrusted		

operations		
Other non-operating income and expenses other than those listed above	851,455.22	Seven, 74; Seven, 75
Other profit and loss items that meet the definition of non-recurring profit and loss		
Less: Income Tax Impact Amount	11,340,304.47	
Amount affected by minority shareholders' equity (after tax)	263,763.09	
total	86,840,407.61	

For the non-recurring profit and loss items defined by the company in accordance with the "Interpretive Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - Non-recurring Gains and Losses", and the "Explanatory Announcement No. 1 on Information Disclosure of Companies Offering Securities to the Public - - Non-recurring profit and loss items listed in "Extraordinary profit and loss" are defined as recurring profit and loss items, and the reasons shall be explained.
□Applicable √not applicable

2、 ROE and EPS

√ Applicable □not applicable

Profit during the reporting period	Weighted average ROE (%)	earnings per share	
		basic earnings per share	diluted earnings per share
Net profit attributable to ordinary shareholders of the company	7.56	0.67	0.67
Net profit attributable to ordinary shareholders of the company after deducting non-recurring gains and losses	6.27	0.56	0.56

3、 Differences in accounting data under domestic and foreign accounting standards

□Applicable √not applicable

4、 other

□Applicable √not applicable

Chairman: CUI SHAN

Date of Board Approval and Submission: August 23, 2023

revision information

□Applicable √not applicable