

, EC I I _ A , C E, A D DEFI I ,

The board of direc ors, he s per isor commi ee and he direc ors, s per isors and senior managemen of he Compan hereb arran ha here are no false represen a ions, misleading s a emen s or ma erial omissions con ained in his in erim repor , and join l and se erall accep f ll responsibili for he r hf lness, acc rac and comple eness of i s con en s.

Y an R i, he legal represen a i e of he Compan , Hao Y n Feng, he person in charge of acco n ing depar men and Zh Lin, he head of he acco n ing depar men , declare ha he g aran ee he r hf lness, acc rac and comple eness of he financial s a emen s in his in erim repor .

All Direc ors a ended he Board mee ing for considering his in erim repor .

This repor in ol es for ard-looking s a emen s abo f re plans, hich do no cons i e ac al commi men s o in es ors b he Compan . In es ors and he par ies concerned sho ld main ain s fficien kno ledge of he nderl ing risks and nders and he differences among plans, projec ions and commi men s. In es ors are ad ised o make hemsel es a are of he risks associa ed i h in es men .

The Compan has described in de ail he po en ial risks in he sec ion headed X. Risk e pos res and con ingenc meas res of he Compan_ nder Managemen Disc ssion and Anal sis in Sec ion III of his repor . In es ors are ad ised o read caref ll he con en s hereof.

The Compan does no propose an pa men of cash di idends or an iss e of bon s shares or an ransfer of reser e o capi al.

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Sec ion I	Impor an , Con en s and Defini ions	1
Sec ion II	Compan Profile and Ke Financial Indica ors	4
Sec ion III	Managemen Disc ssion and Anal sis	7
Sec ion IV	Corpora e Go ernance	26
Sec ion V	En ironmen al and Social Responsibili	28
Sec ion VI	Ma erial Ma ers	32
Sec ion VII	Changes in Shares and Shareholders	38
Sec ion VIII	Preferred Shares	43
Sec ion IX	Bonds	44
Sec ion X	Financial Repor	45

D A I

(1) The financial s a emen s hich ere signed and sealed b he responsible person, chief acco n an and head of acco n ing depar men (person in charge of acco n ing ma ers) of he Compan .

(2) The mas er cop of he 2023 in erim repor affi ed i h compan seal and signa re of he legal represen a i e of he Compan .

(3) All of he originals of doc men s and mas er copies of anno ncemen s of he Compan p blicl disclosed on he ebsi es as designa ed b CSRC d ring he repor ing period.

(4) Place for inspec ing he abo e doc men s: Office of he board of direc ors of he Compan .

D

	D
Compan_ , paren compan_ and Shandong Molong	山東墨龍石油機械股份有限公司 (Shandong Molong Pe role m Machiner Compan Limi ed)
Gro p	collec i el , he Compan and i s s bsidiaries
SZSE	Shen hen S ock E change
SEHK	The S ock E change of Hong Kong Limi ed
CSRC	China Sec ri ies Reg la or Commission
Sho g ang Maolong	壽光懋隆新材料技術開發有限公司 (Sho g ang Maolong Ne Ma erials Technolog De elopmen Co., L d.)
Sho g ang Baolong	壽光寶隆石油器材有限公司 (Sho g ang Baolong Pe role m Eq ipmen Co., L d.)
Weihai Baolong	威海市寶隆石油專材有限公司 (Weihai Baolong Special Pe role m Ma erials Co., L d.)
Molong I&E	山東墨龍進出口有限公司 (Shandong Molong Impor & E por Co., L d.)
MPM	MPM In erna ional Limi ed
Molong Logis ic	壽光墨龍物流有限公司 (Sho g ang Molong Logis ic Co., L d.)
Molong Elec ro-mechanical	壽光墨龍機電設備有限公司 (Sho g ang Molong Elec ro-mechanical Eq ipmen Compan Limi ed)
Molong Commercial	山東墨龍商貿有限公司 (Shandong Molong Commercial Trading Compan)
Sho g ang Jin in	山東壽光金鑫投資發展控股集團有限公司 (Shandong Sho g ang Jin in In es men De elopmen Holdings Gro p Limi ed)
Sho g ang SAB	壽光市國有資產監督管理局 (S a e-o ned Asse s S per ision and Adminis ra ion B rea of Sho g ang Ci)
Molong Holdings	壽光墨龍控股有限公司 (Sho g ang Molong Holdings Co., L d.)
repor ing perio d	1 Jan ar 2023 o 30 J ne 2023
RMB , RMB ho sand , RMB en ho sand	Renminbi, ho sand Renminbi, en ho sand Renminbi

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I. K A D F I

Whe her he Compan made re roac i e adj s men or res a ed acco n ing da a in pre io s ears

Yes ✓ No

	F	For he same period las ear	/
Opera ing re en e (RMB)	**798,419,015.10**	1,570,941,941.65	49.18%
Ne profi a rib able o shareholders of lis ed compan (RMB)	**(158,242,397.13)**	(172,717,715.72)	8.38%
Ne profi af er e raordinar gains or losses a rib able o shareholders of lis ed compan (RMB)	**(159,715,581.43)**	(181,365,553.51)	11.94%
Ne cash flo s genera ed from opera ing ac i i ies (RMB)	**(23,770,597.65)**	56,906,850.11	141.77%
Basic earnings per Share (RMB/share)	**(0.1983)**	(0.2165)	8.41%
Dil ed earnings per Share (RMB/share)	**(0.1983)**	(0.2165)	8.41%
Weigh ed a erage ra e of re rn on ne asse s	**(17.42%)**	(13.02%)	4.40%

	A	As a he end of las ear	/
To al asse s (RMB)	**3,721,541,449.42**	4,038,605,559.51	7.85%
Ne asse s a rib able o shareholders of lis ed compan (RMB)	**829,910,098.20**	987,960,842.88	16.00%

D

1. *Differences in net profits and net assets in the financial statements as disclosed under the International Accounting Standards ("IASs") and PRC Generally Accepted Accounting Principles ("PRC GAAP")*

Applicable ✓ No applicable

D ring he repor ing period, here ere no differences in ne profi and ne asse s in he financial s a emen s as disclosed nder he IASs and PRC GAAP.

2. *Differences in net profit and net assets in the financial statements as disclosed under the overseas accounting standards and PRC GAAP*

Applicable ✓ No applicable

D ring he repor ing period, here ere no differences in ne profi and ne asse s in he financial s a emen s as disclosed nder he o erseas acco n ing s andards and PRC GAAP.

SECTION III MANAGEMENT DISCUSSION AND ANALYSIS

I. [illegible] Core Competitiveness

1. Descriptions of the Company's principal businesses during the reporting period

During the reporting period, the Company was principally engaged in the design, research and development, processing and manufacturing, sale service and export trade of products for the energy equipment industry. The main products included petroleum drilling machinery equipment, petroleum and natural gas pipeline equipment, oil and gas exploration equipment and casings and forgings, etc. These products were mainly used in the manufacture of equipment in connection with industries such as oil and gas drilling, machinery processing, urban pipe network and industrial casings. During the reporting period, the Company's main products were pipe products, accounting for nearly 90% of the Company's operation revenue, and particularly, the proportion of export businesses sales has increased significantly. The Company has adopted a sales-based production business model for production under which the production system of the Company manufactures, inspects and delivers products according to the orders placed by customers specifying the required specifications and quantity and based on the market sales initiatives of the sales department. The Company has adopted a centralised procurement model under which the procurement department is responsible for the purchase of all raw materials, molds and equipment, including the signing of procurement contracts, procurement status tracking, facilitating quality improvement of raw materials, etc. The procurement department strictly controls the selection of suppliers based on a comprehensive evaluation index system. It fosters quality partners and develops long-term and stable strategic partnership. The Company has a relatively mature sales network and has established a professional team dedicated to sales and import and export operations with members responsible for domestic and international market research and standard, development, product sales and after-sales services, respectively.

During the reporting period, the sales volume and gross profit margin of oil casing and other products related to the Company's oilfield business recorded an year-on-year increase; affected by factors such as poor market conditions for general pipe and casings and forgings, the Company has adjusted its product structure and reduced the production and sales of general pipe and casings and forgings, resulting in a significant year-on-year decline in the production and sales of related products in the first half of the year, insufficient utilization rate of production lines and increased costs. The growth in the oilfield business could not offset the impact of poor market conditions for general pipe and casings and forgings, resulting in an overall losses in the Company's operating results.

As at the end of the reporting period, the Company had total assets of RMB3.722 billion, representing a decrease of 7.85% from the beginning of the year. Net assets attributable to shareholders of the listed company were RMB0.830 billion, representing a decrease of 16.00% from the beginning of the year. During the reporting period, the Company realised an operating revenue of RMB0.798 billion, representing a year-on-year decrease of 49.18%. Net profit attributable to shareholders of the listed company was RMB158 million.

2. General overview of the Company's industry during the reporting period

The Company operates in the energy equipment industry covering energy sources such as petroleum, natural

In 2023, he orld economm con in es i s slo reco er , China's econom enjo s a s ead p rn, and marke e pec a ions are e pec ed o impro e significan l . While in erna ional oil prices ha e been shocked o he do nside, he domes ic marke demand for refined oil has s eadil reco ered, and he marke demand for na ral gas has con in ed o gro . The na ional energ s s em and he oil and gas ind s r , anchoring he Se en-Year Ac ion Plan mission objec i es, has con in o sl s reng hened he polic s ppl , increased in es men and orkload in oil and gas e plora ion and de elopmen , f r her promo ed he s ra eg of scien ific and echnological inno a ion, and accelera ed he s able and increasing o p of cr de oil and rapid increasing prod c ion of na ral gas. Vigoro sl enhanced oil and gas e plora ion and de elopmen effor s ha e achie ed remarkable res l s, offshore oil and gas e plora ion and de elopmen con in e o ad ance o he deep- a er, and o her ncon en ional oil and gas s ch as shale oil and gas ha e reali ed a leap-for ard de elopmen , hich ha e made grea con rib ions o he sec ri of oil and gas s ppl in China.

The 2023 Work Mee ing on Grea Effor s o Enhance Oil and Gas E plora ion and De elopmen s ressed ha as he ne s ep, he na ional energ s s em and he oil and gas ind s r ill con in e o deepl implemen he decision and deplo men of he 20 h Na ional Congress of he CPC on f r her promo ing he energ re ol ion and s reng hening he e plora ion and de elopmen of oil and gas reso rces and he effor s on increasing reser es and prod c ion , s reng hen o erall planning and for ard-looking hinking, and coordina e scien ific and echnological research and applica ion of res l s, as ell as b ild a scien ific long- erm de elopmen s ra eg , es ablish s ra egic confidence, main ain confidence in s ccess, and firml increase oil and gas reser es and prod c ion, so as o resol el g aran ee he core demand for oil and gas in China. Under he g idance of he s ra eg of impro ing energ sec ri , he demand for oil and gas eq ipmen and ser ices con in es o gro , hich sho s posi i e prospec s for he ear.

II. A [illegible]

1. Strength in furnace rehabilitation technology

The Compan is deepl in ol ed in he field of mel ing red c ion echnolog , and is commi ed o he applica ion and promo ion of HIsmel echnolog in iron and s eel smel ing and he like fields. As an ad an ageo s echnolog of he Compan , HIsmel is a f rnace rehabili a ion me all rgical echnolog of Shandong Molong hich ac i el follo s he na ional man fac ring ransforma ion and pgrade, con in es o de elop he rec cling econom and b ilds a green me all rgical en erprise. The Compan has ob ained HIsmel series pa en s and a hori a ions. Af er he iden ifica ion of scien ific and echnological achie emen s organised b he Chinese Socie for Me als, Shandong Molong HIsmel echnolog has reached he in erna ional leading le el. The Compan 's Projec en i led Ke Technologies of Green and Efficien Mel ing Red c ion Ironmaking and heir Applica ions on he second pri e of Weifang Science and Technolog Progress A ard in 2022; he Projec of Comple e Package of Core Technical Eq ipmen for HIsmel Mel ing Red c ion Process as selec ed as he firs echnical eq ipmen projec organi ed b Shandong Pro incial Depar men of Ind s r and Informa ion Technolog , hich had good al e of pop lari a ion and applica ion and broad marke prospec and has c rren l ob ained he echnolog license for he projec implemen a ion. The Compan ill con in e o increase he promo ion of HIsmel echnolog and ac i el facili a e he implemen a ion of ne echnolog a hori a ion projec s, so as o crea e profi gro h poin s for he Compan 's de elopmen .

2. Strength in technological research and development and innovation

The Compan has s rong R&D capabili ies in he field of special eq ipmen for energ eq ipmen , and has nder aken more han 80 na ional and pro incial-le el rela ed scien ific research projec s. We are a ne high- echnolog en erprise and a leading en erprises in China's energ eq ipmen base i h Shandong Pro incial En erprise Technolog Cen er, Shandong Pe role m Special Pipe Engineering Technolog Research Cen er, and Na ional Accredi a ion Labora or (CNAS) and Weifang Pe role m Machiner Engineering Technolog Research Cen er and o her inno a ion pla forms in place. The Compan has b il a professional and s able scien ific research eam hro gh independen raining, in rod c ion of alen s, and coopera ion i h ni ersi ies and research ins i es, hich is crea ing he en erprises-based and marke -orien ed echnolog inno a ion s s em i h in-dep h in egra ion of prod c ion, ed ca ion and research.

3. *Strength in new products*

D ring he repor ing period, in order o mee marke demand, he Compan de eloped a series of ne prod c s and impro ed i s echnical kno -ho b f r her p shing for ard i s prod c R&D ac i i ies. Research and de elopmen of special hreaded connec ors and o her casings ha e been cond c ed, and he prod c s eel grade co ers he Compan 's ario s s eel grades from lo es o highes ; in order o realise he in elligen man fac ring of prod c s, he Compan has independen l de eloped he f ll a oma ed prod c ion line for he co pling and pain ing, and on his basis, a series of long pl nger an i-scaling ra elling barrel p mps is nder research and de elopmen and feedback on hea cr de p mps and o her special p mps ha e been recei ed o sa isf he needs of he special ells for oil reco er , and has comple ed he de elopmen of he special e por ing N75 an i-corrosion s cker rod and large shipmen s o he Middle Eas marke . The effor s in research and de elopmen of ne prod c s and impro emen of echnical kno -ho ill help he Compan f r her increase i s o erall compe i i eness in he ind s r .

4. *Strength in product quality*

The Compan a aches impor ance o managemen of prod c q ali . The Compan is ell-eq ipped i h inspec ion and moni oring eq ipmen . The Compan has long been accredi ed ISO9001 in erna ional q ali s s em cer ifica ion, ISO14001 en ironmen al managemen s s em cer ifica ion and OHSAS18001 occ pa ional heal h and safe managemen s s em cer ifica ion and passed he QES managemen s s em follo - p recer ifica ion. Wi h he main prod c s being appro ed o se he ind s r logo of American Pe role m Ins i e (abbre ia ed as API), he Compan s ccessf ll gained access o he domes ic and global oil field marke s. The main prod c s, namel casings, al es, m d p mp liners, precision s ainless s eel forgings, hree kinds of oil p mping ni s and accessories, are highl marke able globall in major oil-prod cing regions s ch as E rope, he Americas and he Middle Eas , and are ell-recei ed b local and o erseas c s omers.

5. *Strength in marketing*

The Compan se s foo hold in China and goes global. O er he ears of de elopmen , he Compan has b il a ne ork pro iding long- erm, s able, fas and effec i e sales ser ices and es ablished a lo al, long-las ing and in in par nership i h mass c s omers. In he domes ic marke , he Compan has a rela i el s able c s omer base hich incl des, i ho limi a ion o, oil and gas companies s ch as Pe roChina, Sinopec, CNOOC and Yanchang Pe role m. The major o erseas marke s are co n ries and regions in he Middle Eas , he Americas, E rope and Nor h Africa. In he firs half of 2023, 4 ne marke erri ories and 11 ne c s omers ha e been de eloped o erseas. The Compan 's marke ing eam consis s of alen s ho are professionals in in erna ional rade and marke ing and ha e rela i el e ensi e e perience and s rong b siness compe ence, hich allo s he Compan o enjo , o a cer ain e en , compe i i e edge in marke ing of energ eq ipmen prod c s.

6. *Strength in brand name*

The Compan is a lis ed compan ha specialises in he design, research and de elopmen , process man fac ring, sales and e por s of energ eq ipmen . The Compan is also a q alified s pplier of he larges fo r oil conglomera es in China. The Compan has al a s adhered o i s principle of enco raging all people, absorbing all hinks, collec ing all con rib ions and crea ing all achie emen s . Thro gh e pansion of scale and e ension of prod c ion chains, he Compan has gained good rep a ion and solid posi ion in he energ eq ipmen marke sec or. The Molong rademark of he Compan is named as a famo s rademark of Shandong Pro ince, and he prod c s of he Compan ha e become a ke e por brand for n r ring and de elopmen in Shandong Pro ince.

III. A [illegible]

Overview

See I. Principal b sinesses of he Compan d ring he repor ing period for de ails.

Year-on-year changes in key financial data

Uni : RMB

	F[illegible]	F[illegible]	[illegible] - /	[illegible] (%) [illegible]
Opera ing re en e	**798,419,015.10**	1,570,941,941.65	49.18%	Mainl a rib able o he decline in sales ol mes of general pipe and cas ings and forgings d ring he c rren period.
Opera ing cos s	**745,514,513.99**	1,517,239,001.79	50.86%	Mainl a rib able o he decline in sales ol mes of general pipe and cas ings and forgings d ring he c rren period.
Selling e penses	**9,699,153.33**	7,124,810.84	36.13%	Mainl a rib able o he increase in bid ser ice fee and salaries of sales s aff d ring he c rren period.
Adminis ra i e e penses	**135,856,718.33**	136,188,184.82	0.24%	
Finance cos s	**43,618,923.57**	54,037,626.23	19.28%	Mainl a rib able o he decrease in bills disco n ing facili ies d ring he c rren period.
Income a e penses	**1,458,254.39**	2,063,592.49	29.33%	Mainl a rib able o he decrease in deferred income a e penses as a res l of an increase in deferred income a asse s.
Research and de elopmen e pendi res	**18,226,212.09**	24,397,415.04	25.29%	Mainl a rib able o he less inp s o he research and de elopmen of ne prod c s d ring he c rren period.
Ne cash flo genera ed from opera ing ac i i ies	**(23,770,597.65)**	56,906,850.11	141.77%	Mainl a rib able o he decrease in al e-added a credi ref nds recei ed d ring he c rren period as compared o he pre io s ear.
Ne cash flo genera ed from in es ing ac i i ies	**(4,053,463.91)**	(6,599,680.18)	38.58%	Mainl a rib able o he decrease in pa men s for engineering eq ipmen d ring he c rren period.
Ne cash flo genera ed from financing ac i i ies	**40,211,252.36**	16,622,008.79	141.92%	Mainl a rib able o he decrease in repa men s for d e financing f nds d ring he c rren period.
Ne increase in cash and cash eq i alen s	**14,160,456.10**	64,739,091.05	78.13%	Mainl a rib able o he combined effec of he abo e opera ing, in es ing and financing ac i i ies.

Significant changes in profit composition or sources of the Company for the reporting period

Applicable ✓ No applicable

There ere no significan changes in he profi composi ion or so rces of Compan d ring he repor ing period.

Composition of operating revenue

Uni : RMB

	F [illegible] A [illegible]		For he same period las ear		
			Amo n	Percen age of opera ing re en e	Year-on- ear increase/ decrease
To al opera ing re en e	**798,419,015.10**	**100%**	1,570,941,941.65	100%	49.18%
B ind s r					
Special eq ipmen man fac ring	**798,419,015.10**	**100.00%**	1,570,941,941.65	100.00%	49.18%
B prod c					
Pipe prod c s	**716,389,280.84**	**89.73%**	593,912,032.35	37.81%	20.62%
Cas ings and forgings	**14,860,414.01**	**1.86%**	878,006,892.23	55.89%	98.31%
Three kinds of p mping ni s	**14,110,813.66**	**1.77%**	16,732,788.46	1.07%	15.67%
Pe role m machiner par s	**14,807,795.88**	**1.85%**	8,763,820.61	0.56%	68.97%
O hers	**38,250,710.71**	**4.79%**	73,526,408.00	4.68%	47.98%
B region					
Wi hin China	**635,768,739.52**	**79.63%**	1,507,525,783.97	95.96%	57.83%
O side China	**162,650,275.58**	**20.37%**	63,416,157.68	4.04%	156.48%

Industries, products or regions that accounted for over 10% of the Company's operating revenue or operating profits

✓ Applicable No applicable

Uni : RMB

	G [illegible]			- /	- /	- /
B ind s r						
Special eq ipmen man fac ring	798,419,015.10	745,514,513.99	6.63%	49.18%	50.86%	3.21%
B prod c						
Pipe prod c s	716,389,280.84	666,365,244.44	6.98%	20.62%	20.77%	0.11%
B region						
Wi hin China	635,768,739.52	613,563,318.99	3.49%	57.83%	58.08%	0.59%
O side China	162,650,275.58	131,951,195.00	18.87%	156.48%	146.57%	3.26%

Af er adj s men s ere made o he da a s a is ical caliber of he Compan 's principal b sinesses in he repor ing period, he da a of he Compan 's principal b sinesses for he mos recen 1 period as adj s ed based on he caliber a he end of he repor ing period

Applicable ✓ No applicable

I. A [illegible]

✓ Applicable No applicable

Uni : RMB

	A [illegible]	[illegible]	[illegible] (%) [illegible]	[illegible]
Non-opera ing income	2,044,943.45	1.26%	Mainl comprised of he ransfer of non-repa able acco n s pa able d ring he c rren period.	No
Non-opera ing e penses	742,741.22	0.46%	Mainl comprised of loss on disposal of cer ain asse s d ring he c rren period.	No
Asse impairmen losses	(1,465,146.60)	0.90%	Mainl a rib able o he pro ision for impairmen loss on in en ories af er performing impairmen es on in en ories d ring he c rren period.	No
Credi impairmen losses	(2,115,579.66)	1.30%	Mainl comprised of he pro ision for impairmen loss on acco n s recei able d ring he c rren period.	No
O her income	132,723.59	0.08%	Mainl comprised of he cross-border e-commerce s bsidies recei ed and he ref nds of handlings fees for i hholding and remi ing of indi id al income a d ring he c rren period.	No

1. *Significant changes in the composition of assets*

Uni : RMB

			As a he end of las ear			
			Amo n	Percen age of o al asse s	Increase/ decrease in percen age	Descrip ions of he significan change
Mone ar f nds	**453,841,221.77**	**12.19%**	459,657,822.57	11.38%	0.81%	
Acco n s recei ables	**364,398,811.59**	**9.79%**	294,399,562.75	7.29%	2.50%	Mainl a rib able o he increase in oil field opera ions d ring he c rren period.
In en ories	**509,137,968.74**	**13.68%**	670,217,844.40	16.60%	2.92%	Mainl a rib able o he sales of in en or prod c s d ring he c rren period.
Long- erm eq i in es men s	**1,857,463.06**	**0.05%**	1,857,463.06	0.05%	0.00%	
Fi ed asse s	**1,904,405,618.29**	**51.17%**	2,003,871,030.19	49.62%	1.55%	
Cons r c ion-in-progress	**6,323,500.82**	**0.17%**	298,971.19	0.01%	0.16%	Mainl a rib able o he impro emen of cer ain prod c ion line eq ipmen d ring he c rren period.
Shor - erm borro ings	**2,056,148,505.85**	**55.25%**	1,962,936,789.90	48.60%	6.65%	
Con rac liabili ies	**50,955,109.94**	**1.37%**	107,582,152.10	2.66%	1.29%	Mainl a rib able o he decrease in receip s in ad ance a he end of he c rren period.
Bills recei ables	**60,192,674.87**	**1.62%**	171,547,752.98	4.25%	2.63%	Mainl a rib able o he decrease in se lemen amo n of rade accep ance bills d ring he c rren period as compared o he same period of las ear.
Financing recei ables	**16,486,581.33**	**0.44%**	5,371,855.71	0.13%	0.31%	Mainl a rib able o he increase in he amo n of goods se led b bank accep ances and no ransferred.
Prepa men s	**9,950,942.76**	**0.27%**	35,450,700.83	0.88%	0.61%	Mainl a rib able o he decrease in prepa men s for ma erials as a he end of he c rren period.
O her recei ables	**11,113,319.94**	**0.30%**	5,626,830.61	0.14%	0.16%	Mainl a rib able o he increase in he pa men of ender deposi d ring he c rren period.
O her c rren asse s	**3,788,957.13**	**0.10%**	5,790,675.91	0.14%	0.04%	Mainl a rib able o he decrease in inp a pending ded c ion d ring he c rren period.
Salaries pa able	**58,708,004.97**	**1.58%**	42,790,646.48	1.06%	0.52%	Mainl a rib able o he increase in npaid salaries as a he end of he c rren period.
Ta es pa able	**22,281,543.77**	**0.60%**	11,279,406.47	0.28%	0.32%	Mainl a rib able o he increase in al e-added a realised as a he end of he period.
O her pa ables	**24,623,572.17**	**0.66%**	36,765,356.32	0.91%	0.25%	Mainl a rib able o he decrease in accr ed energ charges as a he end of he c rren period.
Non-c rren liabili ies d e i hin one ear	**49,329,277.41**	**1.33%**	87,329,367.25	2.16%	0.83%	Mainl a rib able o he repa men of long- erm borro ings d e i hin one ear d ring he c rren period.
O her non-c rren liabili ies	**24,881,369.20**	**0.67%**	48,192,008.81	1.19%	0.52%	Mainl a rib able o he decrease in endorsed rade accep ance no d e as a he end of he c rren period.
Long- erm pa ables	**41,160,600.38**	**1.11%**	65,461,963.55	1.62%	0.51%	Mainl a rib able o he repa men of financing f nds for he sale-and leaseback financing b siness d ring he c rren period.

2. *Major overseas assets*

Applicable ✓ No applicable

3. *Assets and liabilities measured at fair value*

✓ Applicable No applicable

Uni : RMB



I								
Financial asse s								
Financing recei ables	5,371,855.71	0.00	0.00	0.00	0.00	0.00	11,114,725.62	16,486,581.33
To al of he abo e	5,371,855.71	0.00	0.00	0.00	0.00	0.00	11,114,725.62	16,486,581.33
Financial liabili ies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

O her changes

O her changes in he financing recei ables are he ne amo n of ne and ma red or endorsed bank accep ance bills d ring he c rren period.

An ma erial changes in he meas remen a rib es of he Compan 's major asse s d ring he repor ing period

Yes ✓ No

4. *Restrictions on asset rights as at the end of the reporting period*

Uni : RMB

I	B	(2)
Mone ar f nds	**433,131,291.60**	Sec ri deposi s and fro en for li iga ion
Bills recei able	**7,558,071.96**	Pledge of bills
Fi ed asse s	**342,981,934.52**	Charge for borro ings
In angible asse s	**195,998,183.84**	Charge for borro ings/sei re
Acco n s recei ables	**23,004,870.47**	Fac oring financing
To al	**1,002,674,352.39**	—

I. A

1. General

✓ Applicable No applicable

I	(B)	(B)	Change
400,000,000		**0**	0

2. Significant equity investments acquired during the reporting period

✓ Applicable No applicable

Uni : RMB en ho sand

		F	I									I	D	D
Shouguang Maolong	Research of new materials for energy equipment; production and sale of metal castings and forgings; sea water desalination; waste heat and gas power generation	Capital increase	40,000	100%	Deb	Nil	Long term	N/A	Capital increased	0	0	Yes	29 April 2023	CNINFO (巨潮資訊) (http://www.cninfo.com.cn)
Total	–	–	40,000	–	–	–	–	–	–	0	0	–	–	–

3. Significant non-equity investments in progress during the reporting period

Applicable ✓ No applicable

4. Investments in financial assets

(1) In es men s in sec ri ies

Applicable ✓ No applicable

The Compan did no ha e an in es men in sec ri ies d ring he repor ing period.

(2) In es men s in deri a i es

Applicable ✓ No applicable

The Compan did no ha e an in es men in deri a i es d ring he repor ing period.

5. Use of raised funds

Applicable ✓ No applicable

The Compan did no ha e an se of raised f nds d ring he repor ing period.

II. D

1. Disposals of material assets

Applicable ✓ No applicable

The Compan did no dispose of an ma erial asse s in he repor ing period.

2. Disposals of material equity interests

Applicable ✓ No applicable

III. A

✓ Applicable No applicable

Major s bsidiaries and in es ed companies affec ing o er 10% of ne profi of he Compan

Uni : RMB

			(B)					
Sho g ang Baolong	S bsidiar	Prod c ion and sale of oil eq ipmen and cas ings and forgings	15,000	294,030,493.04	(276,834,120.36)	16,769,187.92	(24,724,303.09)	(24,054,167.99)
Sho g ang Maolong	S bsidiar	Research of ne ma erials for energ eq ipmen ; prod c ion and sale of me al cas ings and forgings; sea a er desalina ion; as e hea and gas po er genera ion	111,238	1,140,105,224.89	358,214,052.68	59,130,557.05	(73,438,343.22)	(72,477,719.93)

Acq isi ions and disposals of s bsidiaries d ring he repor ing period

Applicable ✓ No applicable

Informa ion on major con rolled and in es ed companies

(1) Sho g ang Baolong realised an opera ing re en e of RMB16.7692 million for he c rren period, represen ing a decrease of 95.60% as compared i h he same period of las ear. Loss for he period amo n ed o RMB2,405.42 en ho sand, as compared o he loss of RMB5,179.69 en ho sand for he same period of las ear, hich as primaril a rib able o he ins fficien ili a ion ra e of prod c ion lines d ring he repor ing period, higher rela ed fi ed charges, declined prod c ion and sales and decreased re en e, res l ing in a loss.

(2) Sho g ang Maolong realised an opera ing re en e of RMB59.1306 million for he c rren period, represen ing a decrease of 93.83% as compared i h he same period of las ear. Loss for he period amo n ed o RMB7,247.77 en ho sand, as compared o he loss of RMB4,721.30 en ho sand for he same period of las ear, hich as primaril a rib able o he decrease in re en e d e o lo er demand for o r prod c s; a he same ime, he higher p rchase prices of ra ma erials and ins fficien ili a ion ra e of prod c ion lines d ring he repor ing period res l ed in a loss.

I . C

Applicable ✓ No applicable

C

1. Market risk

The Compan opera es in he energ eq ipmen man fac ring ind s r hich is direc l rele an o he de elopmen and prosperi of he energ ind s r . The fl c a ions of cr de oil price are affec ed b global economic gro h ra e, regional, poli ical, financial, s ppl and demand and man o her fac ors, and ha e s rong c clicali and ola ili . A he ime hen oil prices are lo , oil and gas companies ill red ce capi al e pendi res accordingl , make less in es men in o e plora ion and de elopmen and ha e lo er demand for eq ipmen and ser ices in he oil and gas ind s r . The Compan ill adj s prod c s r c re and marke se ing in a imel manner according o marke changes.

2. Raw material price fluctuation risk

An fl c a ions in ra ma erial prices ill direc l affec he man fac ring cos s of prod c s and ill, in rn, ha e direc impac on prod c prices. The Compan ill closel moni or if here is an fl c a ion in ra ma erial prices and ill con rol he man fac ring cos s of prod c s s ch as b a of fi ing ra ma erial prices, adj s ing he prod c prices and prod c mi in a imel manner as and hen necessar .

3. Policy risk

In recen ears, he Chinese go ernmen has been s epping p he req iremen s on safe and en ironmen al pro ec ion b more freq en l iss ing s ric er safe and en ironmen al pro ec ion policies and carr ing o reg lar safe and en ironmen al pro ec ion s per ision. The higher emission s andards are bo nd o increase he Compan 's en ironmen al pro ec ion rela ed cos s. The Compan is dedica ed o crea ing a safe, economical, efficien , ad anced and en ironmen -friendl ind s r chain of energ eq ipmen man fac ring. I p s grea effor s in safe and en ironmen al ed ca ion, s reng hens he in es iga ion and managemen of hidden safe ha ards, adheres o a green, inno a i e and s s ainable concep , igoro sl p rs es circ lar econom , ma imises reso rce ilisa ion, and increases en ironmen al pro ec ion in es men o ens re he as e discharges of he Compan is p o s andards.

4. Exchange rate risk

Changes in he RMB e change ra e ha e impac on he Compan 's opera ing res l s. The Compan ill closel moni or he changes in e change ra es and ill ake imel meas res o a oid an risks ca sed b changes in he RMB e change ra e.

5. Interest rate risk

In eres ra e risk refers o he risk ha he fair al e or f re cash flo of a financial ins r men ill fl c a e beca se of he changes in marke in eres ra e. Financial ins r men s bearing fi ed in eres ra es e pose he Compan o fair al e in eres ra e risk and financial ins r men s bearing floa ing in eres ra es e pose he Compan o cash flo in eres ra e risk. The Compan de ermines he rela i e propor ions of financial ins r men s be een fi ed and floa ing in eres ra es depending on he marke condi ions, main ains an appropria e por folio of financial ins r men s hro gh reg lar re ie and moni oring.

I. D L EHK

1. Results

The Gro p's re en e and he financial posi ions of he Gro p and of he Compan for he firs half of 2023 are se o in he financial s a emen con ained in he Financial Repor_ sec ion of his in erim repor .

2. *Financial highlights*

A s mmar of he in erim res l s and of he asse s and liabili ies of he Gro p for he pas 2 financial ears is as follo s:

Res l s

I	F	30 J
	2023	2022
	B'000	RMB'000
To al opera ing re en e	**798,419**	1,570,942
Opera ing (loss)/profi	**(163,778)**	(185,006)
To al (loss)/profi	**(162,475)**	(181,107)
Ne profi /(loss)	**(163,934)**	(183,171)
Minori in eres s	**(5,691)**	(10,453)
Ne (loss)/profi a rib able o shareholders of he paren compan	**(158,242)**	(172,718)
Basic (loss)/earnings per share (RMB)	**(0.1983)**	(0.2165)

Asse s and liabili ies

I	A	**30 J 2023**	As a 30 J ne 2022
		B'000	RMB'000
To al asse s		**3,721,541**	5,047,428
To al liabili ies		**2,974,997**	3,871,015
Ne asse s		**746,544**	1,176,413

3. *Changes in share capital*

For de ails of changes in he share capi al of he Compan d ring he firs half of 2023, please refer o he sec ion headed Changes in shares and shareholders .

4. *Reserves and distributable reserves*

De ails of changes in he reser es and dis rib able reser es of he Gro p d ring he firs half of 2023 are se o in s b-sec ion headed Undis rib ed profi nder he E plana or No es o he Consolida ed Financial S a emen s Line I ems in he financial repor .

5. *Property, plant and equipment*

De ails of changes in he proper , plan and eq ipmen of he Gro p d ring he firs half of 2023 are se o in he sec ion of financial repor .

6. *Capitalised interests*

D ring he firs half of 2023, he Gro p capi alised in eres s of RMB nil.

7. *Service contracts or letters of appointment of directors and supervisors*

Each of he Direc ors and S per isors (incl ding he independen non-e ec i e Direc ors and he S per isors) has en ered in o a ser ice con rac or le er of appoin men i h he Compan . None of he Direc ors or S per isors has en ered in o an ser ice con rac s i h he Compan hich is no de erminable b he Compan i hin one ear i ho pa men compensa ion (o her han s a or compensa ion).

8. *Continuing connected transactions*

In he firs half of 2023, he Compan did no cond c an connec ed ransac ion and none of he rela ed par ransac ions disclosed in he Financial Repor_ sec ion in his repor cons i ed a discloseable connec ed ransac ion nder he Lis ing R les. The Compan confirms ha he disclos re req iremen s nder Chap er 14A of he Lis ing R les ere me .

9. *Directors', supervisors' and chief executive's interests in securities under the Securities and Futures Ordinance ("SFO") of Hong Kong*

As a 30 J ne 2023, in eres s of he Direc ors, S per isors and chief e ec i e of he Compan in he shares, nderl ing shares or deben res of he Compan or an of i s associa ed corpora ions (i hin he meaning of Par XV of he Sec ri ies and F res Ordinance (he SFO)), hich ere req ired o be no ified o he Compan and he SEHK p rs an o Di isions 7 and 8 of Par XV of he SFO (incl ding in eres s or shor posi ions hich he are aken or deemed o ha e nder s ch pro isions of he SFO) or hich ill be req ired, p rs an o sec ion 352 of he SFO, o be en ered in he regis er referred o herein, or hich ill be req ired p rs an o he Model Code for Sec ri ies Transac ions b Direc ors of Lis ed Compan as se o in Appendi 10 of he Lis ing R les, o be no ified o he Compan and o he S ock E change, ere as follo s:

Long posi ions in he shares of he Compan

Wang Q an Hong	Beneficial in eres	139,500	0.03%	0.02%

Sa e as disclosed abo e, as a 30 J ne 2023, o he bes kno ledge of he Direc ors, S per isors and chief e ec i e, none of he Direc ors, he S per isors or chief e ec i e had an in eres s or shor posi ion in shares, nderl ing shares or deben res of he Compan or an of i s associa ed corpora ions (i hin he meaning of Par XV of he SFO), hich ill ha e o be no ified o he Compan and he SEHK nder Di isions 7 and 8 of Par XV of he SFO (incl ding in eres s and shor posi ions hich he are aken or deemed o ha e nder he SFO) or ill be req ired p rs an o sec ion 352 of he SFO o be en ered in he regis er referred o herein, or hich ill be req ired p rs an o he Model Code for Sec ri ies Transac ions b Direc ors of Lis ed Compan as se o in Appendi 10 of he Lis ing R les, o be no ified o he Compan and o he S ock E change.

10. *Directors' and supervisors' rights to acquire shares or debentures*

None of he Direc ors or S per isors or heir respec i e associa es (as defined nder he R le 1.01 of he Lis ing R les) as gran ed b he Compan or i s s bsidiaries an righ s o acq ire an shares in or deben res of he Compan or had e ercised an s ch righ s in he firs half of 2023.

11. *Share scheme*

Since he da e of he Compan 's incorpora ion, he Compan has no adop ed or implemen ed an share schemes, incl ding share incen i e scheme or share op ion scheme.

12. Substantial shareholders

De ails are se o in N mber of corpora e shareholders of he Compan and heir shareholdings nder he sec ion headed Changes in Shares and Shareholders in his in erim repor .

13. Directors' and supervisors' interests in contracts

No direc ors or s per isors or an en i rela ed o an of he direc ors of he Compan has direc l or indirec l in eres ed in an ransac ion, arrangemen or con rac o hich he Compan or an of i s s bsidiaries is a par ha has no been or has been in force in he firs half of 2023 or as a 30 J ne 2023, and has a ma erial rela ionship i h he b siness of he Gro p.

14. Material contracts

No con rac of significance has been en ered in o be een he Compan (or an of i s s bsidiaries) and he con rolling shareholders of he Compan (or an of heir s bsidiaries), and no con rac of significance for he pro ision of ser ices o he Compan (or an of i s s bsidiaries) b an of he con rolling shareholders of he Compan (or an of heir s bsidiaries) has been en ered.

15. Purchase, sale or redemption of securities

None of he Compan or an of i s s bsidiaries has p rchased, sold or redeemed an lis ed sec ri ies of he Compan d ring he firs half of 2023.

16. Pre-emptive rights

There is no pro ision for pre-emp i e righ s nder he ar icles of associa ion of he Compan or he la s of he PRC hich o ld oblige he Compan o offer ne shares on a pro ra a basis o e is ing Shareholders.

17. Corporate governance

The Compan has s ric l complied i h req iremen s of la s, reg la ions and reg la or doc men s incl ding he Compan La , he Sec ri ies La , he Code of Corpora e Go ernance of Lis ed Companies and he G idelines for Ar icles of Associa ion of Lis ed Companies since i s es ablishmen and con in ed o raise i s corpora e go ernance s andards. D ring he repor ing period, he Compan con in ed o enhance i s go ernance s s em and opera ion proced res in accordance i h he ork plan of he reg la or a hori ies and he la es reg la or req iremen s. There ere no differences be een he ac al condi ions of he Compan 's corpora e go ernance and he req iremen s nder he CSRC's rela ed la s and reg la ions. The Compan has adop ed all code pro isions se o in he Corpora e Go ernance Code (he CG Code) of Appendi 14 o he Lis ing R les of he SEHK of Hong Kong.

D ring he repor ing period, he Compan has complied i h he code pro isions se o in he CG Code i ho an de ia ion. None of he direc ors of he Compan as a are of an informa ion ha o ld reasonabl indica e ha he Compan as no in compliance i h he code pro isions of he Code a an ime d ring he repor ing period.

18. Directors' securities transactions

The Compan has adop ed he Model Code for Sec ri ies Transac ions b Direc ors of Lis ed Iss ers (he Model Code) as se o in Appendi 10 o he Lis ing R les of he SEHK and req ires direc ors o follo he Model Code hile cond c ing sec ri ies ransac ions. The Model Code also applies o he Compan 's senior managemen . The Compan has made specific enq iries o all direc ors and all of hem ha e confirmed ha he ha e f ll complied i h he Model Code d ring he si mon hs ended 30 J ne 2023.

19. Sufficiency of public float

According o informa ion p blicl a ailable o he Compan and o he bes kno ledge of he Direc ors, he Direc ors confirmed ha he Compan has main ained a s fficien p blic floa hro gho he firs half of 2023 and p o he da e of his in erim repor .

20. Substantial shareholders' interests in securities

As a 30 J ne 2023, o he bes kno ledge of he Direc ors, S per isors and chief e ec i e of he Compan , as sho n in he regis er of in eres s and/or shor posi ions req ired o be main ained p rs an o he pro isions of Di isions 2 and 3 of Par XV of he SFO or he regis er req ired o be kep nder Sec ion 336 of SFO, he s bs an ial shareholders and o her persons had he follo ing in eres s and/or shor posi ions in he Shares or nderl ing Shares of he Compan as follo s:

Long posi ions in he shares of he Compan



Sa e as disclosed abo e, as a 30 J ne 2023, no persons (o her han being a Direc or, S per isor or chief e ec i e of he Compan) had an in eres s or shor posi ions in he shares, nderl ing shares and deben res of he Compan hich o ld fall o be disclosed o he Compan and he SEHK p rs an o he pro isions of Di isions 2 and 3 of Par XV of he SFO and hich ere req ired o be recorded in he regis er o be kep p rs an o sec ion 336 of he SFO.

21. *Liquidity and financial resources*

As a 30 J ne 2023, he Gro p recorded a c rren ra io of 50.24%, q ick ra io of 32.34%, recei able rno er ra io of 242.39% and in en or rno er ra io of 126.43%. The main so rce of he Gro p's capi al is he cash inflo from opera ing ac i i ies, borro ings from financial ins i ions and o hers. The Gro p's capi al needs do no ha e ob io s seasonal pa ern.

As a 30 J ne 2023, he Gro p had o al borro ings of RMB2,147 million (as a he end of las ear, he Gro p had o al borro ings of RMB2,116 million). As a 30 J ne 2023, he Gro p had mone ar f nds of RMB460 million (mone ar f nds as a he end of las ear of RMB475 million).

22. *Gearing ratio*

As a 30 J ne 2023, he Gro p's gearing ra io as appro ima el 79.94% (2022: appro ima el 77.46%) hich is calc la ed based on he Gro p's o al liabili ies of appro ima el 2,974,997 ho sand (2022: appro ima el RMB3,128,252 ho sand) and o al asse s of appro ima el RMB3,721,541 ho sand (2022: appro ima el 4,038,606 ho sand).

23. *Treasury policy*

The Gro p has es ablished a so nd and s ric in ernal con rol s s em for cash and f nd managemen so as o s reng hen i s financial managemen . Mos of he Gro p's re en es are denomina ed in RMB. The Gro p's liq idi and sol enc are in good condi ion.

24. *Restricted assets*

As a 30 J ne 2023, he Gro p had res ric ed asse s as follo s:

Uni : RMB

I	B	(X)
Mone ar f nds	433,131,291.60	Sec ri deposi s and fro en for li iga ion
Bills recei able	7,558,071.96	Pledge of bills
Fi ed asse s	342,981,934.52	Charge for borro ings
In angible asse s	195,998,183.84	Charge for borro ings/sei re
Acco n s recei ables	23,004,870.47	Fac oring financing
To al	1,002,674,352.39	—

25. *Contingent liabilities*

As a 30 J ne 2023, he Gro p did no ha e an con ingen liabili ies e cep hose disclosed in he Commi men s and Con ingencies in his repor .

26. *Material investments, acquisitions and disposals*

For he si mon hs ended 30 J ne 2023, sa e as disclosed in his repor , he Gro p did no carr o an major acq isi ions or disposal of s bsidiaries, affilia es and associa es or major in es men s, nor did i plan o make major in es men s or p rchase capi al asse s in he f re.

27. *Tax concessions and exemptions*

The Compan is no a are of an a concessions pro ided o shareholders d e o heir holding of he Compan 's lis ed sec ri ies.

28. *Equity-linked agreements*

The Compan has no en ered in o an eq i -linked agreemen s a he end of he si mon hs ended 30 J ne 2023 or a an ime d ring he half- ear period.

29. *Business review*

Ke financial and b siness performance indica ors

Ke financial and b siness performance indica ors comprise profi abili gro h, re rn on eq i and gearing ra io. De ails of he anal sis are se o in he sec ion headed Managemen Disc ssion and Anal sis in his in erim repor .

Risk managemen

I is a de elopmen s ra eg of he Gro p o es ablish a risk managemen s s em co ering all he b siness segmen s ha moni ors, assesses and manages ario s risks in he Gro p's ac i i ies. The managemen has iden ified he major risks of he Gro p and reg larl re ie s i s e pos re o ind s r , polic , opera ional and c rrenc risks.

S s ainabili ini ia i es

The Gro p has been commi ed o con rib ing o he s s ainabili of he en ironmen and main aining a high s andard of corpora e social go ernance essen ial for crea ing a frame ork for mo i a ing s aff and promo ing s s ainable rela ionships i h c s omers, s ppliers, ser ice endors, reg la ors and shareholders, and con rib es o he comm ni in hich e cond c o r b sinesses for crea ing a s s ainable re rn o he Gro p. The Gro p has implemen ed energ sa ing prac ices in offices and branch premises here applicable.

We ha e compliance and risk managemen policies and proced res, and members of he senior managemen are delega ed i h he con in ing responsibili o moni or adherence and compliance i h all significan legal and reg la or req iremen s. These policies and proced res are re ie ed reg larl . As far as he Compan is a are, i has complied in ma erial aspec s i h he rele an la s and reg la ions ha ha e a significan impac on he b siness and opera ion of he Compan and i s s bsidiaries.

30. Interim dividend

The Board does no recommend he pa men of an in erim di idend for he si mon hs ended 30 J ne 2023.

31. Audit committee and review of interim results

The Compan has complied i h R le 3.21 of he Lis ing R les and Code Pro ision D.3 of he CG Code o es ablish he A di Commi ee o re ie and s per ise he Gro p's financial repor ing proced res, risk managemen and in ernal a di and con rol. The A di Commi ee has re ie ed he Gro p's in erim res l s and financial s a emen s for he si mon hs ended 30 J ne 2023. Ho e er, he Gro p's na di ed consolida ed financial s a emen s for he si mon hs ended 30 J ne 2023 ha e no been a di ed b he Compan 's a di ors.

32. Changes in Directors' information

There ere no changes o he Direc ors' informa ion as req ired o be disclosed p rs an o R le 13.51B(1) of he Lis ing R les of he Hong Kong S ock E change.

EC I I C A E G E A CE

I. A

1. General meetings held in the reporting period

A D D D

2022 ann al general mee ing	Ann al general mee ing	31.10%	19 Ma 2023	20 Ma 2023	Anno ncemen on he resol ions passed a he ann al general mee ing 2022 (2023-029); Legal opinions on he ann al general mee ing 2022. De ails of he abo e anno ncemen can be fo nd on he China Sec ri ies Jo rnal, he Shanghai Sec ri ies Ne s, he Sec ri ies Dail , he Sec ri ies Times and he ebsi e of cninfo (.cninfo.com.cn).

2. Preferred shareholders who are recovered by voting power request convening extraordinary general meeting

Applicable ✓ No applicable

II. G D ,

26

✓ Applicable No Applicable

			D	
Yang Yun Long	Chairman, Director	Resigned	24 February 2023	Resigned from the positions of Chairman, executive Director and relevant board committee members due to personal work arrangements.
Yuan Rui	Chairman	Elected	24 February 2023	Elected by the Board.
Liu Ji Lu	Director	Resigned	7 April 2023	Resigned from the Company ' s directorship due to personal work reasons.
Zhao Xiao Tong	Director	Elected	19 May 2023	Elected by the general meeting and the Board.
Zhang Min	Director	Elected	19 May 2023	Elected by the general meeting and the Board.

III.

Applicable ✓ No applicable

The Compan did no plan o pa an cash di idends or iss e an bon s shares or ransfer an reser e o capi al for he half ear.

I.

Applicable ✓ No applicable

The Compan did no ha e or opera e an s ock incen i e schemes, emplo ee share schemes or o her emplo ee incen i e meas res d ring he repor ing period.

, EC I E I E AL A , D CIAL , E , IBIL

I.

Whe her he lis ed compan and i s s bsidiaries are lis ed b he en ironmen al a hori ies as a cri ical poll an discharging en i

✓ Yes No

Policies and industrial standards related to environmental protection

The Compan and i s s bsidiaries s ric l abide b en ironmen al pro ec ion-rela ed policies and ind s rial s andards s ch as Shandong Iron and S eel Ind s r Air Poll an Emission S andard DB/37 990-2019, Shandong Thermal Po er Plan Air Poll an Emission S andard DB37/664-2019, and Regional Air Poll an Comprehensi e Emission S andard DB37/2376-2019.

Environmental Protection Administrative Licensing

The Compan s ric l complied i h he req iremen s of he en ironmen al la s and reg la ions o carr o en ironmen al impac assessmen of con rac ion projec . The cons r c ion projec s ha e all passed he en ironmen al impac assessmen proced res and been accep ed b he rele an compe en a hori ies, here filing proced res ha e been gone hro gh.

Shandong Molong and i s branches' Poll an Discharge Permi n mbered: 91370000734705456P001P, 91370783MA3CW9X53H001P, i h he firs applica ion da e of 27 Oc ober 2017 and he c rren alidi period ill 18 Jan ar 2027 and 31 Ma 2028, respec i el ;

Sho g ang Baolong's Poll an Discharge Permi n mbered: 91370783661398423000 1R, i h he firs applica ion da e of 23 J l 2020 and he c rren alidi period ill 22 J l 2028;

Sho g ang Maolong's Poll an Discharge Permi n mbered: 91370783724814405U001V, i h he firs applica ion da e of 30 J l 2020 and he c rren alidi period ill 17 Jan ar 2028;

Weihai Baolong's Poll an Discharge Permi n mbered: 91371081756387292D001P, i h he firs applica ion da e of 20 April 2020 and he c rren alidi period ill 19 April 2028.

Industrial discharge standards and specific conditions of pollutant discharge involved in production and business activities

C	C				D	D	I		A	E
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.5mg/m	10mg/m	58.27 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.5mg/m	10mg/m	47.85 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.1mg/m	10mg/m	24.601 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.2mg/m	10mg/m	8.24 kg	–	No
Sho g ang Maolong	–	Vola ile organic compo nds	Organised	1	Prod c ion comple	12mg/m	60mg/m	41.2 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.4mg/m	10mg/m	5.356 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.2mg/m	10mg/m	7.191 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.1mg/m	10mg/m	13.604 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.9mg/m	10mg/m	1.612 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.6mg/m	10mg/m	19.948 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	4.0mg/m	10mg/m	0.077 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.1mg/m	10mg/m	1.842 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.4mg/m	10mg/m	3.084 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.6mg/m	10mg/m	1.12 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	2.6mg/m	10mg/m	4.291 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	3.2mg/m	10mg/m	0.0462 kg	–	No
Sho g ang Maolong	–	S lf r dio ide	Organised	1	Prod c ion comple	5mg/m	50mg/m	1.1687 kg	–	No
Sho g ang Maolong	–	Ni rogen o ides	Organised	1	Prod c ion comple	76mg/m	100mg/m	2.699 kg	–	No
Sho g ang Maolong	–	Par ic la e ma er	Organised	1	Prod c ion comple	7.2mg/m	10mg/m	0.2262 kg	–	No

Treatment of pollutants

The Compan and i s s bsidiaries cond c ed heir en ironmen al orks in s ric compliance i h he en ironmen al la s and reg la ions s ch as he La of he People's Rep blic of China on En ironmen al Pro ec ion, he La of he People's Rep blic of China on he Pre en ion and Con rol of A mospheric Poll ion, he La of he People's Rep blic of China on Pre en ion and Con rol of Poll ion from En ironmen al Noise and he La of he People's Rep blic of China on Pre en ion and Con rol of Wa er Poll ion.

Was e a er rea men facili ies: The Compan has eq ipped all prod c ion plan s i h in egra ed se age rea men facili ies in all fac ories hich ha e been in normal opera ion. Was e a er discharged from prod c ion process are rea ed and rec cled i ho o ard discharge, and a ne package of rain a er online moni oring facili ies has been ins alled in Park 180.

E ha s rea men facili ies: The Compan has eq ipped prod c ion lines in all prod c ion comple es i h he corresponding en ironmen al facili ies, incl ding deni ra ion and elec ros a ic/elec ric precipi a or, fabric fil er, acid mis rea men eq ipmen , alkali des lf ri a ion and ola ile organic compo nds rea men eq ipmen , o ens re effec i e rea men and discharge of e ha s s genera ed from he prod c ion process.

Emergency plans for sudden environmental incidents

Each of he Compan and i s s bsidiaries has engaged a q alified firm o prepare i s emergenc plans for s dden en ironmen al inciden s, hich ha e been filed o en ironmen a hori ies af er re ie ed b e per s. The Compan and i s s bsidiaries also organised rainings and drills on a reg lar basis o rec if he problems in he area of emergenc managemen , so as o s reng hen he con rol of en ironmen al risks.

Investment in environmental governance and protection and payment of environmental protection tax

D ring he repor ing period, in es men in en ironmen al go ernance and pro ec ion of he Compan and all s bsidiaries o aled RMB1.6473 million; he Compan and all s bsidiaries paid a o al of RMB19.6 ho sand in en ironmen al pro ec ion a .

Environmental self-monitoring program

D ring he repor ing period, he Compan and i s s bsidiaries orked closel i h local en ironmen al inspec ion depar men s on periodic s per isor inspec ions. Fo r se s of e ha s online moni oring eq ipmen ere in normal opera ion. I engaged hird par inspec ion firms o moni or heir discharge s a is ics on a reg lar basis, and he moni oring res l s ere reg larl p blici ed on he na ional poll an discharge permi managemen informa ion pla form, i h an aim o mee ind s r s andards and req iremen s of local en ironmen al a hori ies. Mon hl s a is ics on he rela ed en ironmen al da a, s per ision on s able opera ion of as e a er and e ha s rea men facili ies are cond c ed o effec i el ens re so nd managemen of in ernal discharge of as e a er and e ha s .

Administrative penalties arising from environmental issues during the reporting period

Applicable ✓ No applicable

Other discloseable environmental information

There as no o her discloseable en ironmen al informa ion.

Measures taken for carbon emissions reduction and their results during the reporting period

Applicable ✓ No applicable

Other environmentally related information

There as no o her en ironmen all rela ed informa ion.

II. [illegible]

D ring he repor ing period, he Compan a ached grea impor ance o he performance of social responsibili , and has aken a proac i e s ance in f lfilling social responsibili hich as epi omised in he follo ing aspec s:

1. Safeguarding shareholders' interest

The Compan had es ablished a rela i el ell-es ablished go ernance s r c re and a comprehensi e in ernal con rol s s em. S ch meas res g aran eed he so ndness and he le el of con rol of he decision making mechanism of he Compan on ma erial iss es. A general mee ings, he Compan adop ed bo h on-he-spo pl s online o ing o enhance he par icipa ion of shareholders. The assembl , con en ion and o ing proced res of he mee ing complied i h he req iremen s of he la s, reg la ions and he Ar icles of Associa ion. The Compan es ablished ario s forms of comm nica ion pla forms and channels i h he in es ors hro gh differen meas res and cond c ed imel , r e, acc ra e and comprehensi e reg lar informa ion disclos re in s ric compliance i h he rele an la s, reg la ions, he Ar icles of Associa ion and he req iremen s of he rele an s s em of he Compan in order o ens re ha all shareholders of he Compan ere gi en fair, j s , open and adeq a e oppor ni ies o acq ire he informa ion of he Compan , hich is aim a pro ec ing ario s legal righ s of all shareholders as s ip la ed b he la s, reg la ions and ar icles in a fair manner.

2. Safeguarding employees' interest

The Compan highl emphasised he n r re of alen s. We s ri ed o impro e he q ali of o r s aff and realised m al gro h of o r s aff and he en erprise b offering o r s aff i h career planning and organising ario s corpora e raining. The Compan offered ario s social ins rance o o r s aff and es ablished relief f nd o care and s ppor s aff in diffic l imes and crea ed a harmonio s orking en ironmen . In 2023, he Compan released RMB52 ho sand from he relief f nd o ards helping he famil of s aff in financial diffic l ies.

3. Actively participating in social undertakings

The Compan pa s grea a en ion o he crea ion of social al e and places o r foc s of f lfilling social responsibili on ac i el par icipa ing in social ser ices. We spare no effor o join social nder akings and chari ac i i ies and organised n mero s dona ions i h a ie o re arding he socie i hin o r capaci . In 2023, he Compan proac i el par icipa ed in social elfare nder akings b ac i el liaising i h blood dona ion cen res in he cen ral dis ric of Weifang Ci , ad oca ing and arranging 1 ol n ar blood dona ion p blic elfare ac i i , hich demons ra ed he social responsibili and nder aking of he Compan .

EC I I A E IAL A E

I. C C C

Applicable ✓ No applicable

There ere no commi men s ha ere f ll performed b he Compan 's ac al con rollers, shareholders, rela ed par ies, acq irers and he Compan and o her commi ing par ies d ring he repor ing period, and here ere no o s anding commi men s as a he end of he repor ing period.

II.

Applicable ✓ No applicable

There as no occ pa ion of non-opera ing f nds of he lis ed compan b con rolling shareholders and o her rela ed par ies d ring he repor ing period.

III.

Applicable ✓ No applicable

There ere no illegal e ernal g aran ees d ring he repor ing period.

I. A

Whe her he in erim financial repor has been a di ed

Yes ✓ No

The Compan 's in erim repor is na di ed.

Applicable ✓ No applicable

I.

Applicable ✓ No applicable

II.

Applicable ✓ No applicable

There ere no ma ers rela ed o bankr p c and reorganisa ion d ring he repor ing period.

III. L

Significan li iga ions and arbi ra ions

Applicable ✓ No applicable

The Compan as no in ol ed in an significan li iga ions or arbi ra ions d ring he repor ing period.

O her la s i s

✓ Applicable No applicable

B	A			E		D	D
	B 0'000)						
There were a total of 43 prosecution-related cases during the reporting period	2,122.19	No	Concluded by mediation or adjudication	No significant impact on the Company's results of operation	Based on judgements, 9 cases were completed and 24 cases were in the process of execution	—	—
	1,790.20	No	Not in trial yet or not yet closed	Not expected to have a significant impact on the Company's results of operation	N/A	—	—

Applicable ✓ No applicable

Applicable ✓ No applicable

I.

1. Related party transactions associated with the day-to-day operations

Applicable ✓ No applicable

The Compan did no en er in o an rela ed par ransac ion associa ed i h he da - o-da opera ions d ring he repor ing period.

2. Related party transactions in connection with acquisition or disposal of assets or equity interests

Applicable ✓ No applicable

There ere no rela ed par ransac ions in connec ion i h acq isi ion or disposal of asse s or eq i in eres d ring he repór ing period.

3. *Related party transactions in connection with joint external investment*

Applicable ✓ No applicable

There ere no rela ed par ransac ions in connec ion i h join e ernal in es men d ring he repor ing period.

4. *Amounts due from/to related parties*

✓ Applicable No applicable

An non- rade amo n s d e from/ o rela ed par ies

Deb s d e o rela ed par ies

			A	A										

II. [illegible]

1. Entrustment, Contracting and leasing

(1) En r s men

Applicable ✓ No applicable

The Compan had no en r s men d ring he repor ing period.

(2) Con rac ing

Applicable ✓ No applicable

The Compan had no con rac ing d ring he repor ing period.

(3) Leasing

✓ Applicable No applicable

Descrip ions of he leasing

(1) On 26 A g s 2021, af er considera ion a he elf h mee ing of he si h session of he board of direc ors of he Compan , in order o f r her e pand financing channels, he Compan has de elopmen he sale-and-leaseback financing b siness join l i h Yang e Uni ed Financial Leasing Co., L d. (長江聯合金融租賃有限公司) i h cer ain prod c ion eq ipmen held b he Compan as lease objec s. The financing amo n is no more han RMB60 million and he erm is i hin 36 mon hs. D ring he lease period, he Compan shall con in e o se s ch cer ain prod c ion eq ipmen b a of sale and leaseback n il he lease period as agreed in he lease ends. De ails can be fo nd in he Anno ncemen on he De elopmen of Finance Lease B siness disclosed b he Compan (Anno ncemen No.: 2021-052).

(2) On 17 A g s 2022, af er considera ion a he second e raordinar mee ing of he se en h session of he board of direc ors of he Compan , in order o f r her e pand financing channels, he Compan has de elopmen he sale-and-leaseback financing b siness join l i h Zhejiang Zhongda Y an ong Finance Leasing Co., L d. (浙江中大元通融資租賃有限公司) i h cer ain prod c ion eq ipmen held b he Compan as lease objec s. The financing amo n is no more han RMB85 million and he erm is i hin 36 mon hs. D ring he lease period, he Compan shall con in e o se s ch cer ain prod c ion eq ipmen b a of sale and leaseback n il he lease period as agreed in he lease ends. De ails can be fo nd in he Anno ncemen on he De elopmen of Finance Lease B siness disclosed b he Compan (Anno ncemen No.: 2022-021).

(3) D ring he repor period, he Compan en ered in o a lease con rac i h Sho g ang Xiangr n Ind s r Co., L d. (壽光祥潤實業有限公司), p rs an o hich he Compan leased an office b ilding for b siness office se for a erm of hree ears commencing from 1 Jan ar 2023 o 31 December 2025, i h free ren for he firs ear, RMB675,100 for he second ear and RMB1,181,400 for he hird ear.

Leases i h profi or loss con rib ion acco n ing for o er 10% of he o al profi of he Compan d ring he repor ing period

Applicable ✓ No applicable

There ere no leases i h profi or loss con rib ion acco n ing for o er 10% of he o al profi of he Compan d ring he repor ing period.

2. *Significant guarantees*

✓ Applicable No applicable

Uni : RMB en ho sand



De ails of s n he ic g aran ees

Nil

3. *Entrusted wealth management*

Applicable ✓ No applicable

The Compan had no en r s ed eal h managemen d ring he repor ing period.

4. *Other significant contracts*

Applicable ✓ No applicable

The Compan had no o her significan con rac s d ring he repor ing period.

III. D [illegible]

✓ Applicable No applicable

1. *Completion of the change of legal person and renewal of business license*

The Compan held he fo r h e raordinar mee ing of he se en h session of he board of direc ors on 24 Febr ar 2023, a hich he Resol ion on he Elec ion of he Chairman of he Se en h Session of he Board of Direc ors (《關於選舉第七屆董事會董事長的議案》) as considered and appro ed, agreeing o he elec ion of Mr. Y an R i as he chairman of he Compan 's se en h session of he board of direc ors, i h a erm of office commencing from he da e on hich he appoin men as considered and appro ed b he board of direc ors n il he da e on hich he erm of office of he se en h session of he board of direc ors e pires. See he informa ion disclos re ebsi e of cninfo (h p:// .cninfo.com.cn) for de ailed informa ion of Anno ncemen on Elec ion of Chairman and Adj s men of Members of Special Commi ees of he Board of Direc ors (《關於選舉董事長及調整董事會專門委員會成員的公告》) (Anno ncemen No.: 2023-007). According o he pro isions of he Ar icles of Associa ion, he chairman of he board of direc ors is he legal represen a i e of he Compan , and on 10 April 2023, he Compan comple ed he rele an proced res for he change of ind s rial and commercial regis ra ion and as reiss ed a b siness licence b he Weifang M nicipal Adminis ra ion for Marke Reg la ion (濰坊市市場監督管理局).

I. [illegible]

✓ Applicable No applicable

1. *Completion of the change of industrial and commercial registration and the renewal of business license by a subsidiary*

The Compan held he si h mee ing of he se en h session of he board of direc ors on 28 April 2023, a hich he Resol ion on he Capi al Increase o a Wholl -O ned S bsidiar hro gh Deb - o-Eq i S ap (《關於以債轉股方式對全資子公司增資的議案》) as considered and appro ed, agreeing he capi al increase of RMB400 million b he Compan o i s holl -o ned s bsidiar hro gh deb - o-eq i s ap. See he informa ion disclos re ebsi e of cninfo (h p:// .cninfo.com.cn) for de ailed informa ion of Anno ncemen on he Capi al Increase o a Wholl -O ned S bsidiar hro gh Deb - o-Eq i S ap (《關於以債轉股方式對全資子公司增資的公告》) (Anno ncemen No.: 2023-025). On 22 Ma 2023, he s bsidiar comple ed he rele an proced res for he change of ind s rial and commercial regis ra ion and as reiss ed a b siness licence b he Sho g ang Adminis ra i e E amina ion and Appro al Ser ice B rea (壽光市行政審批服務局).

, EC I _II CHA GE I HA, E A , D HA EH LDE

I. C

Progress of red c ion of rep rchased shares hro gh cen ralised bidding

Applicable ✓ No applicable

Effec s of he change in shares on financial indica ors s ch as basic earnings per share, dil ed earnings per share and ne asse s a rib able o ordinar shareholders of he Compan per Share for he mos recen ear and period

Applicable ✓ No applicable

O her disclos res here ere considered necessar b he Compan or req ired b sec ri ies reg la or a hori ies

Applicable ✓ No applicable

2. *Changes in locked-up shares*

Applicable ✓ No applicable

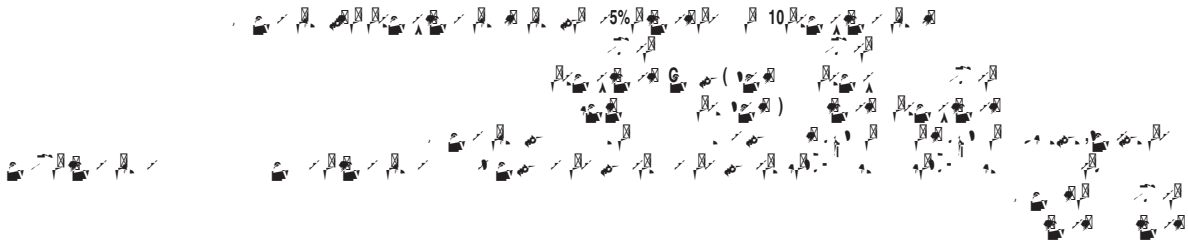
II. [redacted]

Applicable ✓ No applicable

III.

Uni : share

To al n mber of ordinar shareholders a he end of repor ing period	39,651 (incl ding 39,609 A shareholders and 42 H shareholders)	To al n mber of preferred shareholders i h res ored o ing righ s as a he end of repor ing period (if an)	0



Sho g ang Molong Holdings Co., L d.	S a e-o ned legal person	29.53%	235,617,000	0	0	235,617,000	–	–
HKSCC Nominees Limi ed	O erseas legal person	13.19%	105,223,330	8,000	0	105,223,330	–	–
Shandong Zhimeng Holdings Co., L d.	Domes ic non-s a e o ned legal person	8.23%	65,640,000	0	0	65,640,000	–	–
Sho g ang Hongsen Logis ics Co., L d.	Domes ic non-s a e o ned legal person	3.99%	31,800,000	0	0	31,800,000	–	–
Sho g ang Panjin Proper Co., L d.	Domes ic non-s a e o ned legal person	3.86%	30,800,000	0	0	30,800,000	–	–
Sho g ang R isen Ne B ilding Ma erials Co., L d.	Domes ic non-s a e o ned legal person	2.93%	23,374,800	0	0	23,374,800	–	–
Zhang Y n San	Domes ic na ral person	2.90%	23,108,000	0	0	23,108,000	–	–
Fan Xi Sheng	Domes ic na ral person	0.95%	7,615,000	2,076,800	0	7,615,000	–	–
Ma Li Ke	Domes ic na ral person	0.81%	6,481,670	(192,400)	0	6,481,670	–	–
Hong Kong Sec ri ies Clearing Compan Limi ed	O erseas legal person	0.43%	3,455,760	1,307,112	0	3,455,760	–	–

S ra egic in es ors or ordinar legal person becoming op 10 ordinar shareholders pon placing of ne shares (if an)	No applicable
Connec ed rela ionship or concer par rela ionship among he abo e shareholders	Among he abo e shareholders, Shandong Zhimeng Holdings Co., L d., Sho g ang Hongsen Logis ics Co., L d., Sho g ang Panjin Proper Co., L d., and Sho g ang R isen Ne B ilding Ma erials Co., L d. ha e en ered in o a concer par rela ionship b signing a concer par agreemen and ha e no con rol o er each o her. O her han he abo e, he Compan is no a are of he e is ence of an rela ionship or concer ed rela ionship be een o her shareholders.
Descrip ion of en r s ing/being en r s ed o ing righ s or ai ing o ing righ s of he abo e Shareholders	No applicable
Specific descrip ions of special rep rchase acco n of op 10 shareholders (if an)	No applicable

10

Sho g ang Molong Holdings Co., L d.	235,617,000	RMB ordinar shares	235,617,000
HKSCC Nominees Limi ed	105,223,330	O erseas lis ed foreign shares	105,223,330
Shandong Zhimeng Holdings Co., L d.		RMB ordinar shares	900,000
	65,640,000	O erseas lis ed foreign shares	64,740,000
Sho g ang Hongsen Logis ics Co., L d.	31,800,000	O erseas lis ed foreign shares	31,800,000
Sho g ang Panjin Proper Co., L d.	30,800,000	O erseas lis ed foreign shares	30,800,000
Sho g ang R isen Ne B ilding Ma erials Co., L d.	23,374,800	O erseas lis ed foreign shares	23,374,800
Zhang Y n San	23,108,000	RMB ordinar shares	23,108,000
Fan Xi Sheng	7,615,000	RMB ordinar shares	7,615,000
Ma Li Ke	6,481,670	RMB ordinar shares	6,481,670
Hong Kong Sec ri ies Clearing Compan Limi ed	3,455,760	RMB ordinar shares	3,455,760

Connec ed rela ionship or ac ing in concer among he op 10 non-locked p ordinar shareholders, and be een he op 10 non-locked p ordinar shareholders and he op 10 ordinar shareholders

Among he abo e shareholders, Shandong Zhimeng Holdings Co., L d., Sho g ang Hongsen Logis ics Co., L d., Sho g ang Panjin Proper Co., L d., and Sho g ang R isen Ne B ilding Ma erials Co., L d. ha e en ered in o a concer par rela ionship b signing a concer par agreemen and ha e no con rol o er each o her. O her han he abo e, he Compan is no a are of he e is ence of an rela ionship or concer ed rela ionship be een o her shareholders.

Descrip ion of he op 10 ordinar shareholders par icipa ing in margin rading b siness

No applicable

A **10** **10**

Yes ✓ No

The op 10 ordinar shareholders and he op 10 non-locked p ordinar shareholders did no en er in o an con rac ed rep rchase ransac ions d ring he repor ing period.

I. **G**

Applicable ✓ No applicable

There ere no changes in he shareholdings of he Compan 's direc ors, s per isors and senior managemen d ring he repor ing period. De ails can be fo nd in he Ann al Repor 2022.

Changes in con rolling shareholders d ring he repor ing period

Applicable ✓ No applicable

There ere no changes in he con rolling shareholders of he Compan d ring he repor ing period.

Changes in ac al con rollers d ring he repor ing period

Applicable ✓ No applicable

There ere no changes in he ac al con rollers of he Compan d ring he repor ing period.

, EC I III EFE ED HA, E

Applicable ✓ No applicable

The Compan did no ha e an preferred shares d ring he repor ing period.

, EC I | B , D

Applicable ✓ No applicable

SECTION FINANCIAL REPORT

I. Audit report

Whether the interim report has been audited

Yes ✓ No

The Company's interim financial report is not audited.

II. Financial statements

Unit used in the notes to the financial statements: RMB

1. Consolidated balance sheet

Prepared by: Shandong Molong Petroleum Machinery Company Limited

Unit: RMB

Item	30 June 2023	1 January 2023
Current assets:		
Monetary funds	**453,841,221.77**	459,657,822.57
Settlement deposits		—
Lending funds		—
Financial assets held for trading		—
Derivative financial assets		—
Bills receivable	**60,192,674.87**	171,547,752.98
Accounts receivable	**364,398,811.59**	294,399,562.75
Financing receivables	**16,486,581.33**	5,371,855.71
Prepayments	**9,950,942.76**	35,450,700.83
Insurance receivables		—
Reinsurance receivables		—
Reinsurance contract reserves receivable		—
Other receivables	**11,113,319.94**	5,626,830.61
Including: Interests receivable		—
Dividends receivable		—
Purchases of sell-back financial assets		—
Inventories	**509,137,968.74**	670,217,844.40
Contract assets		—
Assets held for sale		—
Non-current assets due within one year		—
Other current assets	**3,788,957.13**	5,790,675.91
Total current assets	**1,428,910,478.13**	1,648,063,045.76

Uni : RMB

I	30 J	2023	1 Jan ar 2023
:			
Loans and ad ances		,	—
Deb in es men s		,	—
O her deb in es men s		,	—
Long- erm recei ables		,	—
Long- erm eq i in es men s		**1,857,463.06**	1,857,463.06
In es men s in o her eq i ins r men s		,	—
O her non-c rren financial asse s		,	—
In es men proper ies		,	—
Fi ed asse s		**1,904,405,618.29**	2,003,871,030.19
Cons r c ion-in-progress		**6,323,500.82**	298,971.19
Prod c i e biological asse s		,	—
Oil and gas asse s		,	—
Righ -of- se asse s		,	—
In angible asse s		**350,173,760.99**	357,278,042.57
De elopmen e pendi res		**4,569,208.80**	—
Good ill		,	—
Long- erm deferred e penses		,	—
Deferred income a asse s		**24,551,419.33**	26,108,899.14
O her non-c rren asse s		**750,000.00**	1,128,107.60
		2,292,630,971.29	2,390,542,513.75
		3,721,541,449.42	4,038,605,559.51

Uni : RMB

I	30 J 2023	1 Jan ar 2023
C :		
Shor - erm borro ings	**2,056,148,505.85**	1,962,936,789.90
Borro ings from he cen ral bank	,	—
Borro ing f nds	,	—
Financial liabili ies held for rading	,	—
Deri a i e financial liabili ies	,	—
Bills pa able	**47,445,760.00**	64,855,401.04
Acco n s pa able	**509,925,689.87**	611,264,285.51
Receip s in ad ance	,	—
Con rac liabili ies	**50,955,109.94**	107,582,152.10
Proceeds from disposal of b -back financial asse s	,	—
C s omer bank deposi s and d e o banks and o her financial ins i ions	,	—
Sec ri ies brokerage deposi s	,	—
Sec ri ies nder ri ing brokerage deposi s	,	—
Salaries pa able	**58,708,004.97**	42,790,646.48
Ta es pa able	**22,281,543.77**	11,279,406.47
O her pa ables	**24,465,572.17**	36,765,356.32
Incl ding: In eres s pa able	,	—
Di idends pa able	,	—
Brokerage and commission pa ables	,	—
Reins rance pa ables	,	—
Liabili ies held for sale	,	—
Non-c rren liabili ies d e i hin one ear	**49,329,277.41**	87,329,367.25
O her c rren liabili ies	**24,881,369.20**	48,192,008.81
	2,844,140,833.18	2,972,995,413.88
:		
Ins rance con rac reser es	,	—
Long- erm borro ings	,	—
Bonds pa able	,	—
Incl ding: Preferred shares	,	—
Perpe al bonds	,	—
Lease liabili ies	,	—
Long- erm pa ables	**41,160,600.38**	65,461,963.55
Long- erm salaries pa able	,	—
Es ima ed liabili ies	**77,771,212.05**	77,771,212.05
Deferred re en e	**6,756,829.50**	6,756,829.50
Deferred income a liabili ies	**5,167,706.87**	5,266,932.29
O her non-c rren liabili ies	,	—
	130,856,348.80	155,256,937.39
	2,974,997,181.98	3,128,252,351.27

Uni : RMB

I	**30 J**	**2023**	1 Jan ar 2023

Uni : RMB

I	30 J 2023	1 Jan ar 2023
:		
Deb in es men s	,	—
O her deb in es men s	,	—
Long- erm recei ables	,	—
Long- erm eq i in es men s	**1,554,019,921.73**	1,154,019,921.73
In es men s in o her eq i ins r men s	,	—
O her non-c rren financial asse s	,	—
In es men proper ies	,	—
Fi ed asse s	**659,920,219.64**	701,355,376.51
Cons r c ion-in-progress	**3,265,486.70**	—
Prod c i e biological asse s	,	—
Oil and gas asse s	,	—
Righ -of- se asse s	,	—
In angible asse s	**69,770,755.83**	72,482,198.98
De elopmen e pendi res	**4,569,208.80**	—
Good ill	,	—
Long- erm deferred e penses	,	—
Deferred income a asse s	**22,832,825.97**	24,300,320.35
O her non-c rren asse s	,	378,107.60
	2,314,378,418.67	1,952,535,925.17
	4,747,924,074.09	4,794,486,918.61
C :		
Shor - erm borro ings	**1,492,148,505.85**	1,396,236,789.90
Financial liabili ies held for rading	,	—
Deri a i e financial liabili ies	,	—
Bills pa able	**618,713,831.96**	645,113,301.29
Acco n s pa able	**272,303,728.04**	265,933,229.03
Receip s in ad ance	,	—
Con rac liabili ies	**48,078,605.64**	100,598,968.48
Salaries pa able	**41,359,836.08**	28,977,905.19
Ta es pa able	**17,700,578.33**	7,878,113.91
O her pa ables	**31,906,459.05**	27,785,537.73
Incl ding: In eres s pa able	,	—
Di idends pa able	,	—
Liabili ies held for sale	,	—
Non-c rren liabili ies d e i hin one ear	**49,329,277.41**	48,991,857.12
O her c rren liabili ies	**24,507,423.64**	47,882,854.13
	2,596,048,246.00	2,569,398,556.78

Uni : RMB

I	30 J 2023	1 Jan ar 2023
:		
Long- erm borro ings	,	—
Bonds pa able	,	—
Incl ding: Preferred shares	,	—
Perpe al bonds	,	—
Lease liabili ies	,	—
Long- erm pa ables	**41,160,600.38**	65,461,963.55
Long- erm salaries pa able	,	—
Es ima ed liabili ies	,	—
Deferred re en e	,	—
Deferred income a liabili ies	,	—
O her non-c rren liabili ies	,	—
	41,160,600.38	65,461,963.55
	2,637,208,846.38	2,634,860,520.33
:		
Share capi al	**797,848,400.00**	797,848,400.00
O her eq i ins r men s	,	—
Incl ding: Preferred shares	,	—
Perpe al bonds	,	—
Capi al reser e	**865,180,938.14**	864,386,661.76
Less: Treas r shares	,	—
O her comprehensi e income	,	—
Special reser e	,	—
S rpl s reser e	**187,753,923.88**	187,753,923.88
Undis rib ed profi s	**259,931,965.69**	309,637,412.64
	2,110,715,227.71	2,159,626,398.28
	4,747,924,074.09	4,794,486,918.61

3. *Consolidated income statement*

Uni : RMB

I	I 2023	In erim 2022
I.	**798,419,015.10**	1,570,941,941.65
Incl ding: Opera ing re en e	**798,419,015.10**	1,570,941,941.65
In eres income	,	—
Ins rance premi m earned	,	—
Brokerage and commission income	,	—
II.	**959,074,308.28**	1,746,829,087.21
Incl ding: Opera ing cos s	**745,514,513.99**	1,517,239,001.79
In eres e penses	,	—
Brokerage and commission e penses	,	—
S rrenders	,	—
Ne compensa ion e penses	,	—
Ne amo n of ins rance con rac reser es pro ided	,	—
Polic holder di idend e penses	,	—
Reins rance premi ms	,	—
Ta and s rcharges	**8,876,640.21**	7,134,994.01
Selling e penses	**9,699,153.33**	7,124,810.84
Adminis ra i e e penses	**135,856,718.33**	136,188,184.82
Research and de elopmen e penses	**15,508,358.85**	25,104,469.52
Finance cos s	**43,618,923.57**	54,037,626.23
Incl ding: In eres e penses	**47,431,215.06**	58,378,820.98
In eres income	**2,911,132.92**	3,752,773.33
Add: O her gains	**132,723.59**	49,128.67
In es men income	,	—
Incl ding: Gains on in es men in associa es and join en res	,	—
Gain on derecogni ion of financial asse s meas red a amor ised cos	,	—
E change gains	,	—
Ne gains on e pos re hedges	,	—
Gain on fair al e changes	,	—
Credi impairmen losses	**(2,115,579.66)**	5,831,665.58
Asse impairmen losses	**(1,465,146.60)**	(15,000,113.67)
Gain on disposal of asse s	**325,712.98**	—
III.	**(163,777,582.87)**	(185,006,464.98)
Add: Non-opera ing income	**2,044,943.45**	4,960,223.84
Less: Non-opera ing e penses	**742,741.22**	1,061,228.98
I .	**(162,475,380.64)**	(181,107,470.12)
Less: Income a e penses	**1,458,254.39**	2,063,592.49
.	**(163,933,635.03)**	(183,171,062.61)
(i) B b siness con in i		
1. Ne profi from con in ing opera ions	**(163,933,635.03)**	(183,171,062.61)
2. Ne profi from discon in ed opera ions	,	—
(ii) B a rib able o nership		
1. Ne profi a rib able o he shareholders of he paren compan	**(158,242,397.13)**	(172,717,715.72)
2. Loss or profi a rib able o minori in eres s	**(5,691,237.90)**	(10,453,346.89)

Uni : RMB

I	I 2023	In erim 2022
I.	**(669,582.15)**	(859,902.79)
O her comprehensi e income a rib able o o ners of he paren compan , ne of a	**(602,623.93)**	(773,912.51)
(i) O her comprehensi e income ha ma no be reclassified o profi or loss	,	—
1. Changes on remeas remen of defined benefi plans	,	—
2. O her comprehensi e income ha ma no be ransferred o profi or loss nder eq i acco n ing	,	—
3. Fair al e changes in in es men s in o her eq i ins r men s	,	—
4. Fair al e changes in credi risk of he Compan	,	—
5. O hers	,	—
(ii) O her comprehensi e income ha ill be reclassified o profi or loss	**(602,623.93)**	(773,912.51)
1. O her comprehensi e income ha ma be ransferred o profi or loss nder eq i acco n ing	,	—
2. Fair al e changes in o her deb in es men s	,	—
3. Reclassifica ion of financial asse s o o her comprehensi e income	,	—
4. Credi -impaired pro ision for o her deb in es men s	,	—
5. Cash flo hedge reser e	,	—
6. E change differences on ransla ion of foreign financial s a emen s	**(602,623.93)**	(773,912.51)
7. O hers	,	—
O her comprehensi e income a rib able o minori shareholders, ne of a	**(66,958.22)**	(85,990.28)
II.	**(164,603,217.18)**	(184,030,965.40)
To al comprehensi e income a rib able o o ners of he paren compan	**(158,845,021.06)**	(173,491,628.23)
To al comprehensi e income a rib able o minori in eres s	**(5,758,196.12)**	(10,539,337.17)
III. :		
(i) Basic earnings per share	**(0.1983)**	(0.2165)
(ii) Dil ed earnings per share	**(0.1983)**	(0.2165)

Legal represen a i e: Y an R i | Chief acco n an : Hao Y n Feng | Head of acco n ing depar men : Zh Lin

4. *Income statement of the parent company*

Uni : RMB

I	I 2023	In erim 2022
I.	**770,766,171.97**	674,212,344.85
Less: Opera ing cos s	**710,043,047.65**	637,651,438.21
Ta es and s rcharges	**6,109,749.15**	2,855,752.14
Selling e penses	**9,096,474.00**	6,118,594.53
Adminis ra i e e penses	**39,266,873.10**	63,217,793.45
Research and de elopmen e penses	**15,508,358.85**	25,104,469.52
Finance cos s	**36,618,539.96**	32,563,009.35
Incl ding: In eres e penses	**40,581,694.30**	37,423,908.35
In eres income	**2,861,768.94**	3,648,308.59
Add: O her gains	**122,781.67**	38,174.68
In es men income	,	—
Incl ding: Gains on in es men in associa es and join en res	,	—
Gain on derecogni ion of financial asse s meas red a amor ised cos	,	—
Ne gains on e pos re hedges	,	—
Gain on fair al e changes	,	—
Credi impairmen losses	**(2,218,403.50)**	5,554,900.69
Asse impairmen losses	**(714,510.36)**	(4,585,342.04)
Gain on disposal of asse s	**325,712.98**	—
II.	**(48,361,289.95)**	(92,290,979.02)
Add: Non-opera ing income	**156,928.68**	464,804.25
Less: Non-opera ing e penses	**33,591.30**	308,392.58
III.	**(48,237,952.57)**	(92,134,567.35)
Less: Income a e penses	**1,467,494.38**	2,072,832.48
I .	**(49,705,446.95)**	(94,207,399.83)
(i) Ne profi from con in ing opera ions	**(49,705,446.95)**	(94,207,399.83)
(ii) Ne profi from discon in ed opera ions	,	—

Uni : RMB

I	**2023**	In erim 2022
.	,	—
(i) O her comprehensi e income ha ma no be reclassified o profi or loss	,	—
1. Changes on remeas remen of defined benefi plans	,	—
2. O her comprehensi e income ha ma no be ransferred o profi or loss nder eq i acco n ing	,	—
3. Fair al e changes in in es men s in o her eq i ins r men s	,	—
4. Fair al e changes in credi risk of he compan	,	—
5. O hers	,	—
(ii) O her comprehensi e income ha ill be reclassified o profi or loss	,	—
1. O her comprehensi e income ha ma be ransferred o profi or loss nder eq i acco n ing	,	—
2. Fair al e changes in o her deb in es men s	,	—
3. Reclassifica ion of financial asse s o o her comprehensi e income	,	—
4. Pro ision for credi impairmen on o her deb in es men s	,	—
5. Cash flo hedge reser e	,	—
6. E change differences on ransla ion of foreign financial s a emen s	,	—
7. O hers	,	—
I. ,	**(49,705,446.95)**	(94,207,399.83)
II E :		
(i) Basic earnings per share	,	—
(ii) Dil ed earnings per share	,	—

5. *Consolidated statement of cash flows*

Uni : RMB

I	I 2023	In erim 2022
I. C :		
Cash recei ed from sales of goods and rendering of ser ices	**849,356,766.18**	1,810,421,028.53
Ne increase in c s omer deposi s and d e a(3b7 0 Td(1,810,421,02	[illegible]	[illegible]

Uni : RMB

I	I 2023	In erim 2022
II. C :		
Cash recei ed from re rn on in es men s	,	—
Cash recei ed from gains on in es men s	,	—
Ne cash from disposal of fi ed asse s, in angible asse s and o her long- erm asse s	**85,500.00**	—
Ne cash recei ed from disposal of s bsidiaries and o her b siness ni s	,	—
O her cash recei ed rela ing o in es ing ac i i ies	,	—
, . - ,	**85,500.00**	—
Cash paid for p rchase and cons r c ion of fi ed asse s, in angible asse s and o her long- erm asse s	**4,138,963.91**	6,599,680.18
Cash paid for in es men s	,	—
Ne increase in pledged loans	,	—
Ne cash paid for acq isi ion of s bsidiaries and o her b siness ni s	,	—
Cash paid rela ing o o her in es ing ac i i ies	,	—
, . - ,	**4,138,963.91**	6,599,680.18
	(4,053,463.91)	(6,599,680.18)
III. C :		
Cash recei ed from capi al con rib ions	,	—
Incl ding: Cash recei ed from capi al con rib ions from minori shareholders b s bsidiaries	,	—
Cash recei ed from borro ings	**1,881,490,872.82**	2,459,716,777.52
O her cash recei ed rela ing o financing ac i i ies	**32,048,500.00**	—
, . - ,	**1,913,539,372.82**	2,459,716,777.52
Cash paid for repa men of deb s	**1,825,498,373.81**	2,117,306,394.73
Cash paid for dis rib ion of di idends and profi s or repa men of in eres s	**47,829,746.65**	57,429,874.00
Incl ding: Di idends and profi s paid o minori shareholders b s bsidiaries	,	—
Cash paid rela ing o o her financing ac i i ies	,	268,358,500.00
, . - ,	**1,873,328,120.46**	2,443,094,768.73
	40,211,252.36	16,622,008.79
I . E		
	1,773,265.30	(2,190,087.67)
.	**14,160,456.10**	64,739,091.05
Add: Balance of cash and cash eq i alen s a he beginning of he period	**358,672,243.57**	414,209,197.66
I. B	**372,832,699.67**	478,948,288.71

6. *Statement of cash flows of the parent company*

Uni : RMB

I	I 2023	In erim 2022
I. C :		
Cash recei ed from sales of goods and rendering of ser ices	**822,858,440.92**	834,290,226.86
Ref nds of a es recei ed	**0.00**	651,781.97
O her cash recei ed rela ing o opera ing ac i i ies	**35,274,881.44**	45,111,271.72
	858,133,322.36	880,053,280.55
Cash paid for p rchasing goods and recei ing ser ices	**741,279,073.47**	381,519,517.78
Cash paid o and on behalf of emplo ees	**73,380,016.80**	92,040,854.91
Cash paid for a es	**24,873,023.83**	22,516,374.21
O her cash paid rela ing o opera ing ac i i ies	**46,448,310.68**	320,163,708.43
	885,980,424.78	816,240,455.33
	(27,847,102.42)	63,812,825.22
II. C		
Cash recei ed from disposal of in es men s	,	—
Cash recei ed from gains on in es men s	,	—
Ne cash from disposal of fi ed asse s, in angible asse s and o her long- erm asse s	**85,500.00**	—
Ne cash recei ed from disposal of s bsidiaries and o her opera ing en i ies	,	—
O her cash recei ed rela ing o in es ing ac i i ies	,	—
	85,500.00	—
Cash paid for p rchase and cons r c ion of fi ed asse s, in angible asse s and o her long- erm asse s	**2,577,150.00**	454,414.00
Cash paid for in es men s	,	—
Ne cash paid for acq isi ion of s bsidiaries and o her opera ing en i ies	,	—
O her cash paid rela ing o in es ing ac i i ies	,	—
	2,577,150.00	454,414.00
	(2,491,650.00)	(454,414.00)
III. C :		
Cash recei ed from capi al con rib ions	,	—
Cash recei ed from borro ings	**1,481,490,872.82**	1,564,016,777.52
O her cash recei ed rela ing o financing ac i i ies	,	—
	1,481,490,872.82	1,564,016,777.52
Cash paid for repa men of liabili ies	**1,384,389,878.48**	1,595,206,394.73
Cash paid for di idend and profi dis rib ions or in eres repa men s	**41,026,008.61**	37,529,024.24
O her cash paid rela ing o financing ac i i ies	,	—
	1,425,415,887.09	1,632,735,418.97
	56,074,985.73	(68,718,641.45)
I . E	**1,582,672.56**	(2,311,704.03)
	27,318,905.87	(7,671,934.26)
Add: Balance of cash and cash eq i alen s a he beginning of he period	**340,829,668.67**	375,994,555.19
I. B	**368,148,574.54**	368,322,620.93

7. *Consolidated statement of changes in owners' equity*

Amo n s for he c rren period

Uni : RMB

I	I 2023									
	E									
			L		G					
I.	797,848,400.00		864,405,329.26	(3,029,259.75)	187,753,923.88	(859,017,550.51)	987,960,842.88	(77,607,634.64)	910,353,208.24
Add: Changes in acco n ing policies									
Correc ion of prior period errors									
B siness combina ion nder common con rol									
O hers									
II.	797,848,400.00		864,405,329.26	(3,029,259.75)	187,753,923.88	(859,017,550.51)	987,960,842.88	(77,607,634.64)	910,353,208.24
III. G			794,276.38	(602,623.93)		(158,242,397.13)	(158,050,744.68)	(5,758,196.12)	(163,808,940.80)
(i) To al comprehensi e income				(602,623.93)		(158,242,397.13)	(158,845,021.06)	(5,758,196.12)	(164,603,217.18)
(ii) O ners' capi al con rib ion and red c ion			794,276.38				794,276.38		794,276.38
1. Ordinar shares con rib ed b o ners									
2. Capi al con rib ed b o her eq i ins r men s									
3. Amo n s of share-based pa men s recognised in o ners' eq i									
4. O hers			794,276.38				794,276.38		794,276.38
(iii) Profi dis rib ion									
1. Appropria ions o s rpl s reser e									
2. Appropria ions o general risk reser e									
3. Dis rib ions o o ners (or shareholders)									
4. O hers									
(i) Transfer of o ners' eq i									
1. Transfer of capi al reser e o capi al (or share capi al)									
2. Transfer of s rpl s reser e o capi al (or share capi al)									
3. S rpl s reser e making p of losses									
4. Changes in defined benefi plans carried for ard o re ained earnings									
5. O her comprehensi e income carried for ard o re ained earnings									
6. O hers									
( ) Special reser e									
1. Charge for he period				7,315,605.66			7,315,605.66		7,315,605.66
2. U ilised d ring he period				7,315,605.66			7,315,605.66		7,315,605.66
(i) O hers									
L.	797,848,400.00		865,199,605.64	(3,631,883.68)	187,753,923.88	(1,017,259,947.64)	829,910,098.20	(83,365,830.76)	746,544,267.44

Amo n s for he prior ear

Uni : RMB

I	In erim 2022														
	Eq i a rib able o o ners of he paren compan														
		O her eq i ins r men s													
	Share capi al	Preferred shares	Perpe al bonds	O hers	Capi al reser e	Less: Treas r shares	O her comprehensi e income	Special reser e	S rpl s reser e	General risk reser e	Undis rib ed profi s	O hers	S b-o al	Minori in eres s	To al o ners' eq i
I.	797,848,400.00	–	–	–	863,356,311.20	–	(1,671,948.29)	–	187,753,923.88	–	(434,047,824.92)	–	1,413,238,861.87	(53,491,100.48)	1,359,747,761.39
Add: Changes in acco n ing policies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Correc ion of prior period errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
B siness combina ion nder common con rol	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
O hers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
II.	797,848,400.00	–	–	–	863,356,311.20	–	(1,671,948.29)	–	187,753,923.88	–	(434,047,824.92)	–	1,413,238,861.87	(53,491,100.48)	1,359,747,761.39
III. G	–	–	–	–	696,422.22	–	(773,912.51)	–	–	–	(172,717,715.72)	–	(172,795,206.01)	(10,539,337.17)	(183,334,543.18)
(i) To al comprehensi e income	–	–	–	–	–	–	(773,912.51)	–	–	–	(172,717,715.72)	–	(173,491,628.23)	(10,539,337.17)	(184,030,965.40)
(ii) O ners' capi al con rib ion and red c ion	–	–	–	–	696,422.22	–	–	–	–	–	–	–	696,422.22	–	696,422.22
1. Ordinar shares con rib ed b o ners	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Capi al con rib ed b o her eq i ins r men s	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Amo n s of share-based pa men s recognised in o ners' eq i	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4. O hers	–	–	–	–	696,422.22	–	–	–	–	–	–	–	696,422.22	–	696,422.22
(iii) Profi dis rib ion															
1. Appropria ionib ion															
4. Capi al con rib ed b o her eq i ins r men s	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

8. *Statement of changes in owners' equity of the parent company*

Amo n s for he c rren period

Uni : RMB

I	I 2023									
I.	797,848,400.00			863,337,643.70				187,753,923.88	504,279,657.64	2,353,219,625.22
Add: Changes in acco n ing policies										
Correc ion of prior period errors										
O hers										
II.	797,848,400.00			863,337,643.70				187,753,923.88	504,279,657.64	2,353,219,625.22
III. C				1,843,294.44					(244,347,691.95)	(242,504,397.51)
(i) To al comprehensi e income									(244,347,691.95)	(244,347,691.95)
(ii) O ners' capi al con rib ion and red c ion				1,843,294.44						1,843,294.44
1. Ordinar shares con rib ed b o ners										
2. Capi al con rib ed b o her eq i iris r men s										
3. Amo n s of share-based pa men s recognised in o ners' eq i										
4. O hers				1,843,294.44						1,843,294.44
(iii) Profi dis rib ion										
1. Appropria ions o s rpl s reser e										
2. Dis rib ions o o ners (or shareholders)										
3. O hers										
(i) Transfer of o ners' eq i										
1. Transfer of capi al reser e o capi al (or share capi al)										
2. Transfer of s rpl s reser e o capi al (or share capi al)										
3. S rpl s reser e making p of losses										
4. Changes in defined benefi plans carried for ard o re ained earnings										
5. O her comprehensi e income carried for ard o re ained earnings										
6. O hers										
( ) Special reser e										
1. Charge for he period							4,736,617.65			4,736,617.65
2. U ilised d ring he period							4,736,617.65			4,736,617.65
(i) O hers										
	797,848,400.00			865,180,938.14				187,753,923.88	259,931,965.69	2,110,715,227.71

Amo n s for he prior ear

Uni : RMB

	In erim 2022											
		Other eq i ins r men s					Other					
Iem	Share capi al	Preferred shares	Perpe al bonds	Others	Capi al reser e	Less: Treas r shares	comprehensi e income	Special reser e	S rpl s reser e	Undis rib ed profi s	Others	To al o ners'eq i
I.	797,848,400.00	–	–	–	863,337,643.70	–	–	–	187,753,923.88	504,279,657.64	–	2,353,219,625.22
Add: Changes in acco n ing policies	–	–	–	–	–	–	–	–	–	–	–	–
Correc ion of prior period errors	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–
II.	797,848,400.00	–	–	–	863,337,643.70	–	–	–	187,753,923.88	504,279,657.64	–	2,353,219,625.22
III. G	–	–	–	–	696,422.22	–	–	–	–	(94,207,399.83)	–	(93,510,977.61)
(i) To al comprehensi e income	–	–	–	–	–	–	–	–	–	(94,207,399.83)	–	(94,207,399.83)
(ii) O ners' capi al con rib ion and red c ion	–	–	–	–	696,422.22	–	–	–	–	–	–	696,422.22
1. Ordinar shares con rib ed b o ners	–	–	–	–	–	–	–	–	–	–	–	–
2. Capi al con rib ed b o her eq i ins r men s	–	–	–	–	–	–	–	–	–	–	–	–
3. Amo n s of share-based pa men s recognised in o ners' eq i	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	696,422.22	–	–	–	–	–	–	696,422.22
(iii) Profi dis rib ion												
1. Appropria ions o s rpl s reser e	–	–	–	–	–	–	–	–	–	–	–	–
2. Dis rib ions o o ners (or shareholders)	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–
(i) Transfer of o ners' eq i												
1. Transfer of capi al reser e o capi al (or share capi al)	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of s rpl s reser e o capi al (or share capi al)	–	–	–	–	–	–	–	–	–	–	–	–
3. S rpl s reser e making p of losses	–	–	–	–	–	–	–	–	–	–	–	–
4. Changes in defined benefi plans carried for ard o re ained earnings	–	–	–	–	–	–	–	–	–	–	–	–
5. O her comprehensi e income carried for ard o re ained earnings	–	–	–	–	–	–	–	–	–	–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–	–
( ) Special reser e												
1. Charge for he period	–	–	–	–	–	–	–	3,793,531.41	–	–	–	3,793,531.41
2. U ilised d ring he period	–	–	–	–	–	–	–	3,793,531.41	–	–	–	3,793,531.41
(i) Others	–	–	–	–	–	–	–	–	–	–	–	–
I.	797,848,400.00	–	–	–	864,034,065.92	–	–	–	187,753,923.88	410,072,257.81	–	2,259,708,647.61

III. G I C

Shandong Molong Pe role m Machiner Compan Limi ed (hereinaf er referred o as he Compan_ , oge her i h i s s bsidiaries, he Gro p) is a join s ock limi ed compan regis ered in he People's Rep blic of China, he predecessor compan is Shandong Molong Holdings Compan , hich as es ablished join l b Zhang En Rong, Lin F Long, Zhang Y n San, Xie Xin Cang, Li Y n Long, C i H an Yo , Liang Yong Qiang, Shengli Oil Field Kai an Oil E ploi a ion Compan Limi ed (

The con rolling shareholder of he Compan is Molong Holdings and he ac al con roller of he Compan is he S a e-o ned Asse s S per ision and Adminis ra ion Commission of Sho g ang Ci (壽光市國有資產監督管理局).

The Compan 's consolida ed financial s a emen s co ers eigh companies incl ding Sho g ang Baolong Pe role m Eq ipmen Co., L d., Sho g ang Maolong Ne Ma erials Technolog De elopmen Co., L d. and Weihai Baolong Special Pe role m Ma erials Co., L d.

Par ic lars of he s bsidiaries of he Compan are described in VIII. Change in he scope of consolida ion of his no e and IX. In eres s in o her en i ies of his no e.

I. B [illegible]

1. *Basis of preparation*

The financial s a emen s of he Compan ha e been prepared sing he going-concern basis and he ransac ions and e en s ac all occ rred and in accordance i h he Companies Ordinance of Hong Kong and he Lis ing R les of he SEHK, on he basis of he acco n ing policies and acco n ing es ima es as s a ed in V. Significan acco n ing policies and acco n ing es ima es of his no e.

2. *Going concern*

In order o impro e he compan 's liq idi and cash flo o main ain he compan 's con in ing opera ions, he Compan has implemen ed or prepared o implemen he follo ing meas res:

1) he Compan recei ed an in eres -free financial assis ance of RMB500 million from Sho g ang Jin in, he con rolling shareholder of he Compan 's con rolling shareholder.

2) he Compan increased i s effor s in he promo ion and sales of ne prod c s i h higher gross margin, s reng hened i s in ernal managemen , deepened he in ernal apping, in ensified inp s o echnological pgrade, adop ed m l iple meas res o red ce prod c ion cos and enhance he profi abili of he Compan .

3) he coopera ion be een he Gro p and financial ins i ions is c rren l ell ad anced. While main ain he e is ing financing channels and credi lines, he Compan di ersified in o o her financing channels and modes.

4) he Gro p is adop ing meas res o ac i el e plore ne in es men and b siness oppor ni ies s ch as f r her promo ing he f rnace rehabili a ion echnolog , in order o make profi and gain adeq a e orking capi al.

As a he da e of his financial repor , he Gro p had n ilised shor - erm borro ings of RMB135 million, and had s able cash flo s from opera ing ac i i ies as here as a large n mber of orders nf lfilled. The Compan has la nched i s ne l -de eloped prod c s in o he marke and he prospec is promising.

Based on he forgoing, managemen of he Compan belie es ha he Compan is able o repa i s deb s hen he become d e and can con in e i s b siness as a going concern.

Specific acco n ing policies and acco n ing es ima es:

The Compan has adop ed he acco n ing policies and acco n ing es ima es specific o he charac eris ics of i s ac al prod c ion and opera ion, incl ding he b siness c cle, recogni ion and meas remen of financial asse s, meas remen of in en or dispa ched, classifica ion and deprecia ion of fi ed asse s, amor isa ion of in angible asse s, cri eria for capi alisa ion of research and de elopmen e pendi res, recogni ion and meas remen of re en e and o hers.

1. Statement of compliance with the ASBEs

The Compan ha e prepared he financial s a emen s in accordance i h he ASBEs, hich gi es a r e and comple e ie of he financial posi ion, rading res l s, cashflo s and o her informa ion of he Compan and of he Compan .

2. Accounting period

The acco n ing period of he Compan is from 1 Jan ar o 31 December of each calendar ear.

3. Business cycle

The Compan 's b siness c cle is 12 mon hs. The period from 1 Jan ar o 31 December e er ear is regarded as a b siness c cle, hich is sed for de ermining he classifica ion of he liq idi of asse s and liabili ies.

4. Reporting currency

The repor ing c rrenc of he Compan is RMB.

5. Accounting for business combinations under common and uncommon control

The asse s and liabili ies ha he Compan acq ires as he combining par in a b siness combina ion nder common con rol shall be meas red a heir book al e of he combined par on he combining da e in he consolida ed s a emen s of he l ima e con rolling par . The balance be een he book al e of he ne asse s acq ired and ha of he considera ion paid shall be sed o adj s capi al reser es. If capi al reser es are ins fficien for offse ing, re ained earnings ill be adj s ed.

The iden ifiable asse s, liabili ies and con ingen liabili ies acq ired from he acq iree in a b siness combina ion no nder common con rol shall be meas red a fair al e on he acq isi ion da e. The combina ion cos s shall be he aggrega e of he fair al e of cash or non-cash asse s paid b he Compan on he acq isi ion da e o ob ain con rol o er he acq iree, he deb s iss ed or nder aken b he Compan and he eq i sec ri ies iss ed as ell as all rele an direc cos s for he b siness combina ion (for a b siness combina ion realised b m l iple ransac ions, he combina ion cos s shall be he aggrega e of he cos s of all separa e ransac ions). The amo n of he combina ion cos s in e cess of he fair al e of he iden ifiable ne asse s of he acq iree shall be recognised as good ill. If he combina ion cos s are less han he fair al e of he iden ifiable ne asse s of he acq iree, he fair al e of he iden ifiable asse s, liabili ies and con ingen liabili ies acq ired from he combina ion as ell as he fair al e of he non-cash asse s or he eq i sec ri ies iss ed for pa ing he considera ion ill be re ie ed. If he combina ion cos s are s ill less han he fair al e of he iden ifiable ne asse s af er re ie , he balance shall be acco n ed for as non-opera ing income for he c rren period.

6. *Preparation of consolidated financial statements*

The Compan incorpora es all con rolled s bsidiaries and s r c red en i ies in o he scope of he consolida ed financial s a emen s.

In prepara ion of he consolida ed financial s a emen s, necessar adj s men s ill be made o ha s bsidiar 's financial s a emen s in preparing he consolida ed financial s a emen s o ens re conformi i h he Compan 's acco n ing policies if here is inconsis enc on he acco n ing policies and acco n ing period be een he Compan and i s s bsidiaries.

Significan in ra-gro p ransac ions, c rren balance and nrealised profi s i hin he scope of consolida ion shall be offse in preparing he consolida ed financial s a emen s. The shares of o ners' eq i in s bsidiaries no a rib able o he paren compan and he ne loss or profi for he c rren period, o her comprehensi e income and o al comprehensi e income a rib able o minori in eres s shall be presen ed in he consolida ed financial s a emen s as minori in eres s, profi or loss a rib able o minori in eres s, o her comprehensi e income a rib able o minori in eres s and o al comprehensi e income a rib able o minori in eres s , respec i el .

The opera ing res l s and cash flo s of a s bsidiar acq ired from b siness combina ion nder common con rol shall be incl ded in he consolida ed financial s a emen s from he beginning of he c rren period of he combina ion. When preparing he compara i e consolida ed financial s a emen s, rele an i ems in he financial s a emen s of he pre io s ear ill be adj s ed as if he repor ing en i formed af er he combina ion had been in e is ence since he l ima e con rolling par gains con rol.

In preparing consolida ed financial s a emen s, eq i in eres s acq ired b o or more ransac ions, hich finall achie es he b siness combina ion, shall be adj s ed as if he had been in e is ence in he c rren s a e since he l ima e con rolling par gains con rol. When preparing he compara i e s a emen s, o he e en ha he Compan and he combined par are bo h nder he con rol of he l ima e con rolling par , he rela i e asse s and liabili ies of he combined par shall be incl ded in he compara i e s a emen s of he Compan 's consolida ed financial s a emen s, and he increase in ne asse s arising from he combina ion ill be adj s ed agains he rela ed i ems nder o ners' eq i ies in he compara i e s a emen s. To a oid do ble co n ing he al e of he ne asse s of he combined par , he Compan 's long- erm eq i in es men s before he combina ion, as ell as he rele an recognised profi or loss, o her comprehensi e income and o her changes in ne asse s from he da of acq iring he original eq i in eres or he da hen he Compan and he combined par are nder he same l ima e con rol, hiche er is la er, o he combina ion da e shall be offse agains he re ained earnings a he beginning of he period and he profi or loss for he c rren period in he compara i e s a emen s, respec i el .

The opera ing res l s and cash flo s of a s bsidiar acq ired from a b siness combina ion no nder common con rol ni shall be incl ded in he consolida ed financial s a emen s since he Compan gains con rol. When preparing he consolida ed financial s a emen s, he financial s a emen s of he s bsidiar shall be adj s ed based on he fair al e of he iden ifiable asse s, liabili ies and con ingen liabili ies de ermined on he acq isi ion da e.

For eq i in eres s in an in es ee no nder common con rol acq ired b o or more ransac ions, hich finall achie es he b siness combina ion, hen he Gro p prepares he consolida ed s a emen s, eq i in eres s in he in es ee before he acq isi ion da e shall be re-meas red a fair al e on he acq isi ion da e and he balance be een he fair al e and he book al e shall be incl ded in he in es men gains for he c rren period. E cep for o her comprehensi e income arising from changes as a res l of remeas remen of ne liabili ies or ne asse s of he defined benefi plan of he in es ee, o her comprehensi e income nder he eq i me hod in ol ing he eq i in eres s in he in es ee held before he acq isi ion da e and o her changes in eq i e cep ne profi or loss, o her comprehensi e income and profi dis rib ion shall be con er ed in o in es men gains or loss in he period in hich he acq isi ion da e falls.

The difference be een disposal considera ion of long- erm eq i in es men in s bsidiaries par iall disposed b he Compan i ho losing con rols and he share of ne asse s calc la ed from he da e of acq isi ion or combina ion da e shall be adj s ed o capi al premi m or share premi m in he consolida ed financial s a emen s. Adj s men s shall be made o re ained earnings in he e en ha capi al reser es are no s fficien .

When he Compan loses he con rols o er he in es ee d e o par iall disposal of eq i in es men and o her reasons, he remaining eq i shall be re-meas red in accordance i h he fair al e on he da e of losing con rol pon prepara ion of he consolida ed financial s a emen s. The amo n of he s m of he considera ion ob ained from eq i disposal and he fair al e of remaining eq i ded c ing he difference be een shared ne asse of original s bsidiaries ha ere s ar ed o be calc la ed on he acq isi ion da e or merging da e, shall be recorded as in es men gain or loss in he period of losing con rol, and a ri en do n o good ill shall be made a he same ime. O her comprehensi e income rela ed o former eq i in es men in s bsidiaries shall be recognised as c rren in es men income pon losing of con rols.

For he Compan 's disposal on he s bsidiaries' eq i in es men b s eps n il he loses of con rols, if ransac ions in disposal of s bsidiaries' eq i in es men n il losing con rol are in a package deal, each ransac ion shall be rea ed as one ransac ion of disposal on s bsidiaries and loses of con rol; b he difference be een considera ions from each disposal of in es men and shared ne asse of he s bsidiar before losing con rols shall be recognised as o her comprehensi e income in he consolida ed financial s a emen s, and ransferred o in es men income for he period of losing con rols.

7. Classifications of joint arrangement and accounting treatment of joint operation

The join arrangemen of he Compan incl des join opera ions and join en res. For join opera ion projec s, as a join opera ion par he Compan recognises asse s and liabili ies solel held b he Compan and asse s and liabili ies held on propor ion. Re en e and e penses solel or propor ionall recognised in accordance i h rele an agreemen s. Transac ions on asse p rchase or sales i h join en res, ha do no form normal b siness ac i i shall onl recognise par s of profi s and losses genera ed in abo e ransac ions belonging o o her join opera ion par ies.

8. Criteria for determination of cash and cash equivalents

Cash in cash flo s a emen of he Compan shall be cash on hand and deposi s a ailable for pa men a an ime. Cash eq i alen s in cash flo shall be in es men s hich shall be shor - erm (normall become d e i hin 3 mon hs af er p rchasing da e), highl liq id, readil con er ible o kno n amo n s of cash, and s bjec o an insignifican risk of changes in al e.

9. Foreign currency operations and translation of foreign currency statements

(1) Foreign c rrenc ransac ions

For foreign c rrenc ransac ions, he Compan ransla e he foreign c rrenc amo n s in o RMB amo n s a he spo ra es of e changes on a rade-da e basis. On balance shee da e, foreign c rrenc mone ar i ems are ransla ed in o RMB a he pre ailing e change ra e of ha da e. E change differences arising hereon are direc l e pensed in he profi and loss for he c rren period nless he arise from foreign c rrenc borro ings for he p rchase or cons r c ion of q alif ing asse s hich are eligible for capi alisa ion.

(2) Transla ion of foreign c rrenc financial s a emen s

Asse s and liabili ies in foreign c rrenc balance shee are ransla ed a he spo ra e pre ailing a he balance shee da e. E cep for ndis rib ed profi s , i ems nder he o ners' eq i are ransla ed a he spo e change ra e hen he occ r. Income and e penses in income s a emen are ransla ed a he e change ra e pre ailing on he firs da of each mon h. The res l ing differences are presen ed nder o her comprehensi e income. Cash flo domina ed in foreign c rrenc are ransla ed a he ann al a erage e change ra e. Effec s on cash arising from he change of e change ra e are presen ed as separa e i em in he cash flo s a emen .

10. Financial instruments

Financial asse or financial liabili is recognised hen he Compan becomes a con rac al par of a financial ins r men .

(1) Financial asse s

1) Classification, recognition and measurement of financial assets

The Compan classifies i s financial asse s in o he follo ing ca egor based on he b siness model i hin hich he financial asse is managed and he charac eris ics of con rac al cashflo of he financial asse : financial asse s a amor ised cos , financial asse s a fair al e hro gh o her comprehensi e income, and financial asse s a fair al e hro gh profi or loss for he period.

A financial asse is classified as financial asse s a amor ised cos if he Compan mee s bo h of he follo ing c:sse s a amor ised cos if he

The Compan designa es non- rading eq i ins r men in es men s as financial asse s meas red a fair al e hro gh o her comprehensi e income. Once he designa ion is made, i canno be re oked. The non- rading eq i ins r men in es men designa ed b he Compan a fair al e hro gh o her comprehensi e income is recognised ini ial a fair al e, and rela ed ransac ion e pense is incl ded in he ini ial recognised amo n . E cep for di idends (e cl ding an por ion as re rn of in es men cos) recei ed and recorded in he c rren profi and loss, o her rela ed gains and losses (incl ding e change gains and losses) are incl ded in o her comprehensi e income and s bseq en l ma no be ransferred o he c rren profi s and losses. When i is derecognised, he acc m la ed gain or loss pre io sl incl ded in o her comprehensi e income is ransferred from o her comprehensi e income and is incl ded in re ained earnings. The Compan c rren l does no ha e an in es men in eq i ins r men s designa ed a fair al e hro gh o her comprehensi e income.

E cep hose classified as financial asse s a amor ised cos and financial asse s a fair al e hro gh o her comprehensi e income, he Compan classifies he remaining financial asse s as financial asse s a fair al e hro gh profi or loss. Financial asse s of his kind are ini ial meas red a fair al e and rele an ransac ion cos s are incl ded direc l in he ini ial recognised amo n . The profi or loss on financial asse s of his kind is incl ded in he profi or loss of he c rren period.

When he Compan changes he b siness model for managing financial asse s, all financial asse s being affec ed are reclassified. There ere no s ch circ ms ances in he ear.

2) *Basis of recognition and method of measurement of transfer of financial assets*

A financial asse is derecognised if an one of he follo ing condi ions is sa isfied: ① he con rac al righ s o recei e cash flo s from he financial asse ha e ceased; ② he financial asse has been ransferred and he Compan has ransferred s bs an ial all he risks and re ards inciden al o he o nership of he financial asse ; ③ he financial asse has been ransferred and he Compan has nei her ransferred nor re ained s bs an ial all he risks and re ards inciden al o he o nership of he financial asse , and has no re ained i s con rol o er he financial asse .

Where he ransfer of a financial asse in hole sa isfies he cri eria of derecogni ion, he difference be een he carr ing amo n of he financial asse ransferred a he da e of derecognisa ion and he s m of considera ion recei ed for he ransfer and an c m la i e gain or loss of fair al e ha has been recognised direc l in o her comprehensi e income for he par derecognised (he ransferred financial asse s shall mee he follo ing cri eria sim l aneo sl : i is held b he Compan i hin a b siness model hose objec i e is o hold asse s o collec con rac al cash flo s; and he con rac al erms of he financial asse gi e rise on specified da es o cash flo s ha are solel pa men s of in eres on he principal amo n) is incl ded in profi or loss for he c rren period.

Where he ransfer of financial asse in par sa isfies he cri eria of derecogni ion, he carr ing amo n of he en ire financial asse ransferred is alloca ed be een he par o be derecognised and he par no o be derecognised in propor ion o heir respec i e rela i e fair al es, and he difference be een he s m of he considera ion recei ed for he ransfer and an c m la i e gain or loss of fair al e for he par derecognised ha has been recognised direc l in o her comprehensi e income for he par derecognised (he ransferred financial asse s shall mee he follo ing cri eria sim l aneo sl : i is held b he Compan i hin a b siness model hose objec i e is o hold asse s o collec con rac al cash flo s; and he con rac al erms of he financial asse gi e rise on specified da es o cash flo s ha are solel pa men s of in eres on he principal amo n) and he carr ing amo n of he en ire financial asse abo emen ioned for alloca ion is incl ded in profi or loss for he c rren period.

(2) Financial liabili ies

1) Classification, recognition and measurement of financial liabilities

E cep for he follo ing, he Compan classifies financial liabili ies as financial liabili ies a amor ised cos sing he effec i e in eres me hod and are s bseq en l meas red a amor ised cos :

① Financial liabili ies a fair al e hro gh profi or loss for he c rren period (incl ding deri a i es ha are financial liabili ies) incl de rading financial liabili ies and financial liabili ies held-for- rading and hose designa ed as fair al e hro gh profi or loss on ini ial recogni ion. These financial liabili ies are s bseq en l meas red a fair al e. The ne gain or loss arising from changes in fair al e; di idends and In eres e pendi re rela ed o s ch financial liabili ies are recorded in profi or loss for he period in hich he are inc rred.

② Financial liabili ies ha arise hen a ransfer of a financial asse does no q alif for derecogni ion or hen he con in ing in ol emen approach applies. Financial liabili ies of his kind are meas red b he Compan according o he s andard for ransferring financial asse s.

③ Financial g aran ee con rac s ha do no fall in o ① or ② abo e, and commi men s o pro ide a loan a a belo -marke in eres ra e ha do no fall in o ① abo e. The Compan , as an iss er of he financial liabili ies of his kind, ill meas re s bseq en o ini ial recogni ion a he higher of he amo n of pro ision for losses as de ermined according o s andard for impairmen on financial ins r men s and he s rpl s af er acc m la i e amor isa ion as de ermined according o he s andard for re en e.

For financial liabili ies arising from con ingen considera ion recognised b he Compan as an acq irer in a b siness combina ion no nder he common con rol, he shall be meas red a fair al e i h changes recognised in profi or loss for he c rren period.

2) Criteria for derecognition of financial liabilities

When he presen obliga ions of financial liabili ies are released in hole or in par , s ch financial liabili ies are derecognised o he e en of he obliga ions released. Where he Compan en ers in o an agreemen i h i s credi or o replace e is ing financial liabili ies b ass ming ne financial liabili ies i h con rac al erms s bs an i el differ from hose of he e is ing financial liabili ies, he e is ing financial liabili ies are derecognised hile he ne financial liabili ies are recognised. Where he Compan s bs an i el re ises, in hole or in par , he con rac al erms of e is ing financial liabili ies, s ch e is ing financial liabili ies are derecognised in hole or in par , hile hose financial liabili ies i h heir erms re ised are recognised as ne financial liabili ies. The difference be een he carr ing amo n of he derecognised par and he considera ion paid is incl ded in he profi or loss for he c rren period.

(3) Me hod for de ermina ion of fair al es of financial asse s and financial liabili ies

Fair al es of financial asse s and financial liabili ies of he Compan are meas red a he prices in principal marke . In case here is no principal marke , fair al es of financial asse s and financial liabili ies are calc la ed sing he price hich is he mos beneficial o he marke , and sing al a ion echnolog hich is he mos appropria e a ha ime and i h s fficien a ailable da a and o her informa ion. The inp s hich are sed o meas re he fair al e ha e been di ided in o 3 le els b he Compan : Le el 1-inp s consis of nadj s ed q o ed prices in ac i e marke s for iden ical asse s or liabili ies. Le el 2-inp s are q o ed prices for he asse or liabili (o her han hose incl ded in Le el 1) ha are ei her direc l or indirec l obser able. Le el 3-inp s are nobser able inp s o he rela ed asse s or liabili ies. The Le el 1 inp s are he firs priori o se b he Compan , and le el 3 inp s ill be he las one o se. The le el of fair al e meas remen is de ermined b he lo es le el of inp s hich are significan o he meas remen of fair al e as a hole.

The Compan meas res in es men s in eq i ins r men s a fair al e. Ho e er, in limi ed circ ms ances, if recen informa ion on de ermining fair al e is ins fficien , or if here is a ide range of possible fair al e meas remen s and cos represen s he bes es ima e of fair al e i hin ha range, he cos ma be an appropria e es ima e of fair al e i h ha range.

(4) Offse ing of financial asse s and financial liabili ies

Financial asse s and financial liabili ies of he Compan shall be presen ed separa el in he balance shee and shall no be offse . Ho e er, hen all of he follo ing condi ions are me , a financial asse and a financial liabili shall be offse and he ne amo n is presen ed in he balance shee : ① he Compan has a legal righ ha is c rren l enforceable o se off he recognised amo n , and ② he Compan in ends ei her o se le on a ne basis, or o realise he financial asse and se le he financial liabili sim l aneo sl .

(5) Classifica ion and rea men of financial liabili ies and eq i ins r men s

The Compan classifies financial liabili ies and eq i ins r men s on he follo ing principles: ① Where he Compan is nable o ncondi ionall a oid deli ering cash or ano her financial asse o f lfil a con rac al obliga ion, he con rac al obliga ion mee s he defini ion of a financial liabili . Al ho gh some financial ins r men s do no e plici l incl de he erms and condi ions imposing he con rac al obliga ion o deli er cash or ano her financial asse , he ma indirec l gi e rise o he con rac al obliga ion hro gh o her erms and condi ions. ② Where a financial ins r men ill or ma be se led in he Compan 's o n eq i ins r men , considera ion shall be gi en o he her he Compan 's o n eq i ins r men as sed o se le he ins r men is a s bs i e of cash or ano her financial asse or he resid al in eres in he asse s of an en i af er ded c ing all of i s liabili ies. In he former case, he ins r men shall be he iss er's financial liabili ; in he la er case, he ins r men shall be he eq i ins r men of he iss er. Under cer ain circ ms ances hereb a financial ins r men con rac s ip la es ha he Compan ill or ma se i s o n eq i ins r men o se le he financial ins r men , and he amo n of he con rac al righ or obliga ion eq al o he n mber ins r men , considera ion shall be gi en o he her he Compan 's o n eq i ins r men as sed o se le he ins r men is a s bs i e of cash or ano her financial asse or he resid al in eres in he asse s of an en i af er ded c ing all of i s liabili ies. In he former case, he ins r men shall be he iss er's financial liabili ; in he la er case, he ins r men shall be he eq i ins r men of he iss er. Under cer ain circ ms ances hereb a financial ins r men con rac s ip la es ha he Compan ill or ma se i s o n eq i ins r men o se le he financial ins r men , and he amo n of he con rac al righ or obliga ion eq al o he n mber of i s o n eq i ins r men s o be recei ed or deli ered m l iplied b heir fair al e a he ime of se lemen , he con rac shall be classified as a financial liabili , regardless of he her he amo n of he con rac al righ or obliga ion is fi ed, or fl c a es in f ll or in par l in response o changes in a ariable o her han he marke price of he Compan 's o n eq i ins r men s (for e ample an in eres ra e, a commodi price or a financial ins r men price).

When classif ing a financial ins r men (or a componen hereof) in consolida ed financial s a emen s, he Compan shall consider all erms and condi ions agreed be een members of he Gro p and he holders of he financial ins r men . If he Gro p as a hole has an obliga ion in respec of he ins r men o se le i b deli ering cash or ano her financial asse or in s ch a a ha i o ld be a financial liabili , s ch ins r men shall be classified as a financial liabili .

If he financial ins r men or i s componen is a rib able o he financial liabili , he rele an in eres s, di idends, gains or losses, and gains or losses arising from redemp ion or refinancing, shall be recorded in he profi or loss of he c rren period.

If he financial ins r men or i s componen is a rib able o eq i ins r men , he Compan rea s i as change in eq i hen i is iss ed (incl ding refinanced), rep rchased, sold or cancelled, and does no recognise changes in fair al e of eq i ins r men .

11. Bills receivable

The b siness model of he Compan 's bills recei able is rade accep ance bills ha collec con rac al cash flo s. Impairmen pro ision of bills recei able as a he end of he ear shall be made on he basis of e pec ed credi loss of acco n s recei able.

12. Accounts receivable

For he acco n s recei able arising from he ransac ions reg la ed b he Acco n ing S andards for B siness En erprises No. 14 — Re en e and incl ding no significan financing componen s, he Compan al a s meas res i s loss allo ance a an amo n eq al o he life ime e pec ed credi losses.

J dgmen of he her credi risk has increased significan l since ini ial recogni ion. B comparing he defa l probabili of he financial ins r men i hin he es ima ed d ra ion de ermined a ini ial recogni ion agains he defa l probabili of s ch ins r men i hin he es ima ed d ra ion de ermined on he balance shee da e, he Compan de ermines he her he credi risk of financial ins r men has increased significan l . Ho e er, if he Compan de ermines ha a financial ins r men has onl a lo credi risk on he balance shee da e, i can be ass med ha he credi risk of he financial ins r men has no increased significan l since ini ial recogni ion. In normal circ ms ance, if he financial ins r men is more han 30 da s pas d e, i indica es ha he credi risk of financial ins r men has increased significan l ; nless he Compan can ob ain reasonable and s ppor able informa ion i ho nd e cos or effor , hich demons ra es ha e en if i is more han 30 da s pas d e, he credi risk has no increased significan l since he ini ial confirma ion. When de ermining he her he credi risk has increased significan l since he ini ial confirma ion, he Compan shall consider he reasonable and s ppor able informa ion, incl ding for ard-looking informa ion, ha is a ailable i ho nd e cos or effor . Informa ion considered b he Compan incl des:

— he iss er or deb or has significan financial diffic l ;

— he deb or has a breach of he con rac , s ch as defa l or dela in pa men of in eres or principal;

— af er considera ion for rele an economic or con rac al condi ions based on he deb or's financial diffic l , he credi or gran s he deb or a concession hich o ld no be gran ed for an o her si a ion;

— he deb or ill probabl en er bankr p c or financial res r c ring;

— he iss er's or deb or's financial diffic l cond ces o he disappearance of he ac i e marke of he financial asse ;

— a financial asse is p rchased or origina ed a a large disco n and he disco n reflec s he occ rrence of credi loss.

For bills recei able and acco n s recei able, he Compan adop s e pec ed credi loss approach o pro ide for allo ances for bad deb s. For bills recei able and acco n s recei able hich ha e significan differen credi risk, e pec ed credi loss is de ermined on an indi id al basis. Apar from de ermining e pec ed credi loss on acco n s recei able and bills recei able on an indi id al basis, he Compan adop s an e pec ed credi loss model based on por folio charac eris ics, calc la es he e pec ed credi loss on acco n s recei able and bills recei able sing he e pos re o defa l risk and e pec ed credi loss ra e of on acco n s recei able and bills recei able, and de ermine he e pec ed credi loss ra e based on defa l probabili and defa l loss ra e.

Assessmen based on combina ion. For bills recei able and acco n s recei able, he Compan is nable o ob ain s fficien e idence of a significan increase in credi risk a a reasonable cos a he le el of indi id al ins r men s, hereas i is feasible o assess he her credi risk increases significan l on he basis of por folio. Therefore, he Compan di ides he bills recei able and acco n s recei able in o gro ps, considers and assesses he her here is a significan increase in credi risk on por folio-basis b aking he da es of ini ial recogni ion of bills recei able and acco n s recei able as he common risk charac eris ics. Using he age as a common risk fea re, he Compan di ides bills recei able and acco n s recei able in o gro ps and assesses he her credi risk significan l increases on a combined basis.

Meas remen of e pec ed credi loss. The e pec ed credi loss means ha he risk of defa l is he eigh ed a erage of credi lis of eigh ed financial ins r men . Credi loss refers o he difference be een all con rac al cash flo s recei able according o he con rac and disco n ed according o he original effec i e in eres ra e and all cash flo s recei able, ha is, he presen al e of all cash shor ages.

The Compan meas res he e pec ed credi loss on bills recei able and acco n s recei able as of he balance shee da e. When he e pec ed credi loss is grea er han he carr ing amo n of loss allo ance for he bills recei able and acco n s recei able a ha ime, he Compan recognises he difference as loss allo ance for he bills recei able and acco n s recei able hich shall be charged o credi impairmen loss or credi ed o pro ision for bad deb s . In he case con rar o he aforesaid, he Compan recognises he difference as impairmen gain and makes he acco n con raril .

When an credi loss of he Compan is ac all inc rred and i is cer ain ha rele an no es recei able and acco n s recei able canno be reco ered, af er an appro al for ri e-off is ob ained, he appro ed amo n of ri e-off shall be charged o pro ision for bad deb s and credi ed o bills recei able or acco n s recei able . If he amo n ri en off is grea er han he loss allo ance, he difference is charged o credi impairmen loss for he rele an period.

Based on he ac al credi loss in pre io s ears and aking in o acco n of for ard-looking informa ion of he ear, he Compan 's acco n ing es ima ion policies for meas ring e pec ed credi losses b age gro p, are as follo s:

I	1	1 2	2 3	3 5	5
Defa l loss ra e	1.00%	50.00%	75.00%	85.00%	100.00%

13. Financing receivables

For hose bills recei able and acco n s recei able hich he con rac al cash flo charac eris ics are consis en i h he basic lending arrangemen s and he Compan 's b siness model for managing s ch financial asse s is o collec he con rac al cash flo s and for sale, he Compan classifies s ch bills recei able and acco n s recei able as financing recei ables and meas res hem a fair al e hro gh o her comprehensi e income. A ini ial recogni ion, he fair al e is al a s he ransac ion price and an change in fair al e is acco n ed hro gh o her comprehensi e income. Upon derecogni ion, he c m la i e gain or loss pre io sl incl ded in o her comprehensi e income is ransferred from o her comprehensi e income and credi ed o he profi or loss for he period.

14. Other receivables

Recogni ion and acco n ing me hods for e pec ed credi loss on o her recei ables

The Compan pro ides for he loss of o her recei ables according o he follo ing circ ms ances: ① for financial asse s ha he credi risk has no increased significan l since ini ial recogni ion, he Compan meas res he loss allo ance a an amo n of f re 12-mon h e pec ed credi losses; ② for financial asse s ha he credi risk has increased significan l since ini ial recogni ion, he Compan meas res he loss allo ance a an amo n eq al o he life ime e pec ed credi losses of he financial ins r men ; ③ for p rchased or origina ed credi -impaired financial asse s, he Compan meas res he loss allo ance a an amo n eq al o he life ime e pec ed credi losses.

Assessmen made on a combined basis: For o her recei ables, he Compan is nable o ob ain s fficien e idence for an significan increase in credi risk a reasonable cos for one ins r men , b finds i feasible o assess he her here is an significan increase in credi risk on a combined basis, herefore, b aking he pa men na re of o her recei ables as he common charac eris ics of risk, he Compan ca egori es o her recei ables in o differen gro ps and considers and assesses on a combined basis he her he credi risk significan l increase he e pec ed credi loss of o her recei ables of he Compan meas red a he balance shee da e. When he e pec ed credi loss is grea er han he carr ing amo n of loss allo ance for o her recei ables a ha ime, he Compan recognises he difference as loss allo ance for o her recei ables hich shall be charged o credi impairmen loss or credi ed o pro ision for bad deb s . In he case con rar o he aforesaid, he Compan recognises he difference as impairmen gain and makes he acco n con raril .

When an credi loss of he Compan is ac all inc rred and i is cer ain ha rele an o her recei ables canno be reco ered, af er an appro al for ri e-off is ob ained, he appro ed amo n of ri e-off shall be charged o pro ision for bad deb s and credi ed o o her recei ables . If he amo n ri en off is grea er han he loss allo ance, he difference is charged o credi impairmen loss for he rele an period.

15. Inventories

In en ories of he Compan mainl incl de ra ma erials, en r s ed processed ma erials, ork-in-progress and finished prod c s.

The in en or aking s s em shall be on a perpe al basis. In en ories are ini iall meas red a cos ; hen in en ories are deli ered, eigh a erage me hod is adop ed o de ermine he ac al cos of in en ories deli ered. Lo - al e cons mable and packaging ma erials are amor ised b one- ime ri en-off.

Ne realisable al e of goods-in-s ock, ork-in-progress or held-for-sale ra ma erials are de ermined b heir es ima ed sales less he rela ed selling e penses and a es. Ne realisable al e of held-for-prod c ion ra ma erials are de ermined b heir es ima ed sales price of finished prod c s less he prod c ion cos , rela ed selling e penses and a es.

16. Contract assets

(1) Recogni ion and cri eria of con rac asse s

A con rac asse is he Compan 's righ o considera ion in e change for goods ha i has ransferred o a c s omer, and he righ is condi ioned on fac ors o her han he passage of ime. If he Compan sells o clearl dis ing ishable goods o he c s omer, and i has he righ o recei e pa men beca se one of he goods has been deli ered, b he receip of s ch pa men is condi ioned on he deli er of ano her goods, he Compan shall recognise s ch righ o recei e pa men as con rac asse .

(2) Recogni ion and acco n ing me hods for e pec ed credi loss on con rac asse s

For he recogni ion of e pec ed credi losses on con rac asse s, please refer o he me hod for acco n s recei able in no e 12 abo e.

The Compan meas res he e pec ed credi loss on con rac asse s as of he balance shee da e. When he e pec ed credi loss is grea er han he carr ing amo n of loss allo ance for he con rac asse s a ha ime, he Compan recognises he difference as impairmen loss hich shall be charged o asse impairmen loss or credi ed o impairmen allo ance for con rac asse s . In he case con rar o he aforesaid, he Compan recognises he difference as impairmen gain and makes he acco n con raril .

When an credi loss of he Compan is ac all inc rred and i is cer ain ha rele an con rac asse s canno be reco ered, af er an appro al for ri e-off is ob ained, he appro ed amo n of ri e-off shall be charged o impairmen allo ance for con rac asse s and credi ed o con rac asse s . If he amo n ri en off is grea er han he loss allo ance, he difference is charged o credi impairmen loss for he rele an period.

17. Contract costs

(1) Me hod for de ermining he amo n of asse s rela ed o con rac cos s

The Compan 's asse s rela ing o con rac cos s incl de cos s o f lfil a con rac and cos s of ob aining a con ac .

Con rac performance cos s represen he cos s inc rred b he Compan in performing i s con rac . When he cos s are no i hin he scope of o her acco n ing s andards for b siness en erprises, he Compan recogni es hose cos s as an asse if he mee all of he follo ing cri eria: he cos s rela e direc l o a con rac or o an an icipa ed con rac ha he en i can specificall iden if , incl ding direc labor cos , direc l ma erial cos , man fac ring o erheads (or similar e penses), cos s ha are e plici l chargeable o he c s omer nder he con rac and o her cos s ha are inc rred onl beca se he Compan has en ered in o he con rac ; he cos s genera e or enhance reso rces of he Compan ha ill be sed in sa isf ing performance obliga ions in he f re; and he cos s are e pec ed o be reco ered.

The cos of ob aining a con rac is he incremen al cos ha he Compan inc rs o ob ain a con rac . If he cos is e pec ed o be reco ered, i is rea ed as he cos of ob aining a con rac and recognised as an asse ; if he amor isa ion period of s ch asse is less han one ear, i is recorded in profi or loss for he c rren period hen inc rred. Incremen al cos s are he cos s ha he o ld no ha e inc rred if he Compan had no ob ained he con rac (for e ample, sales commission). For o her e penses inc rred b he Compan for ob aining a con rac in addi ion o he incremen al cos s e pec ed o be reco ered (s ch as ra el e penses inc rred regardless of he her he con rac is ob ained or no), he are recorded in profi or loss for he c rren period hen inc rred. Ho e er, hose e pressl bore b he c s omer are e cl ded.

(2) Amor isa ion of asse s rela ed o con rac cos s

The Compan amor ises he asse rela ing o con rac cos s on a basis ha is consis en i h he re en e recogni ion rela ing o he asse and recognises i in profi or loss.

(3) Impairmen of asse s rela ed o con rac cos s

When de ermining he impairmen loss of an asse rela ed o he con rac cos , he Compan firs de ermines he impairmen loss for o her asse s rela ed o he con rac , hich is de ermined in accordance i h o her rele an acco n ing s andards for b siness en erprises; hen, he Compan pro ides for impairmen allo ance and recognises as an impairmen loss of asse o he e en ha he carr ing amo n of s ch asse e ceeds he difference be een he follo ing: he remaining amo n of considera ion ha he Compan e pec s o recei e for he ransfer of goods o hich he asse rela es; and he cos s ha are es ima ed o be inc rred for he ransfer of he rele an goods.

The Compan shall recognise in profi or loss a re ersal of an impairmen loss pre io sl recognised hen he impairmen condi ions change and he aforesaid difference is higher han he carr ing amo n of he asse . The increased carr ing amo n of he asse shall no e ceed he amo n ha o ld ha e been de ermined if no impairmen loss had been recognised pre io sl .

18. Assets held for sale

(1) The Compan classifies non-c rren asse s or disposal gro p ha mee he follo ing cri eria as held for sale: 1) can immedia el be disposed of nder he c rren condi ions based on cases of disposals of s ch asse s or disposal gro ps in similar ransac ions; 2) he disposal is highl probable ha a decision has been made on a plan for he disposal and an nder aking o p rchase has been ob ained, and he disposal is e pec ed o be comple ed i hin a ear. Rele an appro al is req ired for disposals req iring appro al from he rele an a hori ies or reg la ors as req ired b he rele an reg la ions. Before he Compan firs classifies a non-c rren asse or disposal gro p as held for sale, he book al e of he non-c rren asse or each asse and liabili in he disposal gro p is meas red according o he req iremen s of he rele an acco n ing s andards. On ini ial meas remen or remeas remen on he balance shee da e of a non-c rren asse or a disposal gro p held for sale, here he book al e is higher han he fair al e less cos of disposal, he book al e is ri en do n o he fair al e less disposal. The amo n of ri e-do n is recognised as an impairmen loss of he asse and charged o profi and loss of he period. A he same ime, pro ision is made for impairmen of asse s held for sale.

(2) Non-c rren asse s or disposal gro ps hich he Compan acq ired specificall for disposal, sa isf he cri erion of disposal is e pec ed o be comple ed i hin one ear on he da e of acq isi ion, and is probable o sa isf o her cri eria of classif ing as held for sale shor l (s all i hin 3 mon hs), are classified as held for sale on he da e of acq isi ion. A ini ial meas remen , he amo n s ini iall meas red ass ming i is no classified as held for sale and he fair al e less cos of disposal are compared, and he lo er of he o is meas red. O her han non-c rren asse s or disposal gro ps acq ired in a b siness combina ion, he difference arising from recognising he fair al e less cos of disposal of non-c rren asse s or disposal gro ps as ini ial meas remen is recognised in profi and loss in he period.

(3) Where he Compan has los con rol of a s bsidiar d e o reasons s ch as disposal of in es men in he s bsidiar , regardless of he Compan re ains an par of eq i in es men af er disposal, pon he in es men in he s bsidiar in ended o be disposed sa isf ing he cri erion for classifica ion as held for sale, he in es men in he s bsidiar ill be en irel classified as held for sale in he separa e financial s a emen s of he paren compan , and all asse s and liabili ies of he s bsidiar are classified as held for sale in he consolida ed financial s a emen s.

(4) Where here is an increase in fair al e less cos of disposal of a non-c rren asse held for sale on s bseq en balance shee da es, he amo n pre io sl ri en do n sho ld be reco ered and re ersed in he impairmen loss of asse s recognised af er classifica ion as held for sale, i h he re ersed amo n recognised in profi and loss of he period. Asse impairmen loss recognised before classifica ion as held for sale is no re ersible.

(5) Asse impairmen loss recognised for disposal gro ps held for sale is firs offse agains he book al e of good ill of disposal gro ps, and hen offse agains he book al es propor ionall according o he share of book al e of each non-c rren asse .

Where here is an increase in fair al e less cos of disposal of a disposal gro p held for sale in s bseq en balance shee da es, he amo n pre io sl ri en do n sho ld be reco ered and re ersed in asse impairmen loss of non-c rren asse s recognised as req ired b he appropria e rele an meas remen af er classifica ion as held for sale, i h he re ersed amo n recognised in profi and loss of he period. The book al e of he offse good ill and impairmen loss of non-c rren asse s recognised before classifica ion as held as for sale are no re ersible.

Re ersed amo n af er he recogni ion of asse impairmen loss of he disposal gro p held for sale sho ld be added propor ionall o he book al e share according o he share of he book al e of each non-c rren asse in he disposal gro p o her han good ill.

(6) No pro ision for deprecia ion or amor isa ion of non-c rren asse s or non-c rren asse s in disposal gro ps held for sale is made, and he in eres on liabili ies and o her e penses of disposal gro ps held for sale con in es o be recognised.

(7) When a non-c rren asse or a disposal gro p held for sale no longer sa isfies he cri eria of classifica ion as held for sale and ceases o be classified as held for sale, or a non-c rren asse is remo ed from he disposal gro p held for sale, i is meas red is based on he lo er of he follo ing: 1) he book al e before classifica ion as held for sale adj s ed b recogni ion of deprecia ion, amor isa ion or impairmen ass ming here as no classifica ion as held for sale; 2) he reco erable amo n .

(8) Upon derecogni ion of a non-c rren asse or a disposal gro p held for sale, he nrecognised gain or loss is acco n ed for in profi or loss of he period.

19. Long-term equity investments

Long- erm eq i in es men s incl de he Compan 's in es men s in s bsidiaries, in es men s in associa es and join l en res.

O r j dgemen of join con rol is based on he fac of arrangemen s ha all par icipan s in ol ed or gro ps of par icipan s join l con rol and ha policies of rele an ac i ies m s be nanimo sl agreed b par icipan s ho join l con rol he arrangemen .

When he Compan o ns 20% abo e b less han 50% of he o ing righ of he in es ee direc l , or indirec l hro gh s bsidiaries, i is considered o ha e a significan infl ence on he in es ee. If he o ing righ in he in es ee is less han 20%, he infl ence on in es ee ill be decided based on fac s and circ ms ances incl ding represen a i es in he board of direc ors of similar a hori of he in es ee, or par icipa ion in he process of form la ing he financial and opera ing policies of he in es ee, ha ing significan ransac ions i h he in es ee, dispa ching managemen personnel o he in es ee, and pro iding ke echnolog and da a o he in es ee.

An in es ee ha is nder he con rol of he Compan is deemed as a s bsidiar of he Compan . For long- erm eq i in es men s acq ired hro gh a b siness combina ion nder common con rol, he ill be sed as he ini ial in es men cos of long- erm eq i in es men according o he share of he consolida ed par in he book al e of ne asse s in he financial s a emen s of he l ima e con rolling par on he da e of consolida ion. If he book al e of ne asse s of he consolida ed par a he da e of consolida ion is nega i e, long- erm eq i in es men cos is recognised as nil.

For shareholding hich ob ained b differen ransac ions in s ages and become b siness combina ion finall , if i belongs o a baske of ransac ions, he acco n ing me hod for hich each ransac ion applies ill rea as one ransac ion hich ob ains con rol. If i does no belong o a baske of ransac ions, according o propor ion of fair al e of ne asse s of acq iree af er he combina ion in he consolida ed financial s a emen s, and acco n ed as he ini ial in es men cos of long- erm in es men . Difference be een ini ial in es men cos and he carr ing al e of long- erm eq i in es men before combina ion and he s m of carr ing al e of ne l paid considera ion for addi ional shares acq ired on he da e of combina ion is o adj s share premi m. If he balance of share premi m is ins fficien , an e cess is adj s ed o re ained earnings.

For long- erm eq i in es men s acq ired hro gh b siness combina ion nder ncommon con rol, consolida ion cos ill be rea ed as he ini ial in es men cos .

For shareholding hich ob ained b differen ransac ions in s ages and become b siness combina ion finall , if i belongs o a baske of ransac ions, he acco n ing me hod for hich each ransac ion applies ill rea as one ransac ion hich ob ains con rol. If i does no belong o a baske of ransac ions, Ini ial in es men cos ill be he s m of he carr ing al e of he eq i in es men hich i originall holds, and ini ial in es men cos ill change o cos me hod. For shareholding hich i holds before he da e of acq isi ion hich ses eq i me hod, o her rela ed comprehensi e income hich se eq i me hod for acco n ing shall no be adj s ed, s ch in es men shall se he same acco n ing basis as he in es ed compan hen i direc l disposes rela ed asse s or liabili ies pon disposal. For shareholding hich i holds before acq isi ion and designa ed as eq i ins r men s no held for rading a fair al e hro gh o her comprehensi e income, he acc m la ed change in fair al e hich is originall incl ded in o her comprehensi e income shall no be ransferred o profi or loss for he c rren period.

Apar from he long- erm eq i in es men s acq ired hro gh b siness merger, long- erm eq i in es men s acq ired b cash ill be sed as in es men cos according o he ac al pa men of he p rchase price; long- erm eq i in es men s acq ired hro gh iss ance of eq i sec ri ies ill be sed as in es men cos according o he fair al e of he eq i sec ri ies iss ed; long- erm eq i in es men s from in es ors ill be sed as in es men cos according o he in es men con rac s or agreemen al e.

The Compan 's in es men s in s bsidiaries are acco n ed for sing he cos me hod and sing eq i me hod for he in es men s in join en res and associa es.

For long- erm eq i in es men s for hich he s bseq en meas re is acco n ed for sing cos me hod, hen making addi ional in es men , carr ing al e of he long- erm eq i in es men s ill be added according o he fair al e of cos of addi ional in es men and he rela ed e penses inc rred b rela ed ransac ions. For cash di idend or profi paid b he in es ed compan , i shall be recognised as in es men income for he c rren period sing he amo n hich i en i les.

For long- erm eq i in es men for hich he s bseq en meas remen is acco n ed for nder eq i me hod, carr ing al e of long- erm eq i in es men shall be increased or decreased accordingl according o he change in he shareholders eq i of he in es ed compan . When de ermining he amo n of propor ion of ne profi or loss in he in es ed compan hich i en i les, fair al e of each iden ifiable asse s of he in es ed compan a he ime hen he in es men is ob ained shall be sed as basis, and according o he acco n ing policies and acco n ing period of he Compan , and af er offse ing profi or loss inc rred in in ernal ransac ion be een associa es and join en res, and calc la e he propor ion hich is a rib able o he in es ing compan according o he shareholding, and recognised af er adj s men is made o he ne profi of he in es ees.

On disposal of a long- erm eq i in es men , he difference be een he carr ing al e and he considera ion ac all recei ed is recognised as in es men income for he period. For he long- erm eq i in es men calc la ed b eq i me hod, he o her comprehensi e income rela ed o he acco n ing of he original eq i me hod shall be rea ed on he same basis as he direc disposal of rela ed asse s or liabili ies b he in es ed compan hen ermina ing he acco n ing of he eq i me hod. The o ner's eq i recogni ed as a res l of changes in he o ner's eq i of he in es ed en i o her han ne profi and loss, o her comprehensi e income and profi dis rib ion shall be ransferred o he c rren in es men income hen he eq i me hod is ermina ed.

When he Compan ceases o ha e common con rol or significan infl ence on he in es ed compan d e o he reasons s ch as disposal of par of i s eq i in es men , if ASBE 22 — Recogni ion and Meas remen of Financial Asse (Cai H i [2017] No. 7) is applicable for acco n ing, he remaining shareholding af er disposal shall be acco n ed for in accordance i h he rele an pro isions of he s andard on recogni ion and meas remen of financial ins r men s, and he difference be een fair al e and he carr al e on he da e of loss of common con rol or significan infl ence ill be incl ded in he profi or loss for he c rren period. O her comprehensi e income recognised as a res l of he eq i me hod of acco n ing for he original eq i in es men is rea ed on he same basis as he direc disposal of he rela ed asse s or liabili ies b he in es ee pon he ermina ion of he eq i me hod of acco n ing and is carried for ard propor iona el . O ner's eq i recogni ed as a res l of changes in he in es ee's o nership in eres o her han ne profi or loss, o her comprehensi e income and profi dis rib ion sho ld be ransferred propor iona el o c rren in es men income. For loss of con rol in he in es ed compan d e o par l disposed long- erm eq i in es men , for remaining shareholding hich can appl common con rol or impose significan infl ence o he in es ed compan af er disposal, shall be acco n ed for nder eq i me hod. Difference be een he carr ing al e of eq i disposal and he disposal considera ion shall be incl ded as in es men income. S ch remaining shareholding shall be rea ed as acco n ing for nder eq i me hod since he shareholding is ob ained and make adj s men . For remaining shareholding hich canno appl common con rol or impose significan infl ence af er disposal, if ASBE 22 — Recogni ion and Meas remen of Financial Asse s (Cai H i [2017] No. 7) is applicable o acco n ing rea men , i can be acco n ed as nder he rele an pro isions of he s andard on recogni ion and meas remen of financial ins r men , and difference be een carr ing al e of eq i disposal and he disposal considera ion shall be incl ded as in es men income, difference be een fair al e and he carr ing al e of remaining shareholding on he da e loss of con rol shall be incl ded in he in es men profi or loss for s ch period.

For each ransac ion hich eq i are disposed in s ages n il loss of con rol, hich does no belong o package ransac ion, he acco n ing for each ransac ion shall be cond c ed separa el . For he package ransac ion, he acco n ing for each ransac ion shall be rea ed as disposing s bsidiar and loss of i s con rol. Ho e er, he difference be een each disposal price before loss of con rol and he carr ing al e of he corresponding long- erm in es men of he eq i disposed, shall be recognised as o her comprehensi e income, and shall be ransfer o he profi or loss for he c rren period pon loss of con rol.

20. Investment properties

Meas remen model for in es men proper ies

Cost method

Me hod for deprecia ion or amor isa ion

The Compan deprecia es in es men proper ies sing s raigh line me hod. The e pec ed sef l li es, resid al al es and ann al ra es of deprecia ion (amor isa ion) are as follo s:

		E	A
D			
		(%)	(%)
1	B ildings	20	5	4.75

21. Fixed assets

(1) Cri eria for recogni ion

Fi ed asse s are angible asse s i h significan al e and sef l li es for more han one ear, and held for se in he prod c ion goods, ren ing of ser ices, for ren al, or for adminis ra i e p rposes.

Fi ed asse s are recognised hen i is highl probable of economic benefi s inflo o he Compan and heir cos s can be meas red reliabl . The Compan 's fi ed asse s incl de b ildings, machiner , elec ronic eq ipmen , ehicles and o her eq ipmen , e c..

(2) Deprecia ion me hod

	D	D		A
B ildings	S raigh -line	20	5%	4.75%
Machiner	S raigh -line	5 20	5%	19.00% 4.75%
Elec ronic eq ipmen	S raigh -line	3 5	5%	31.67% 19.00%
Vehicles	S raigh -line	5	5%	19.00%
O her eq ipmen	S raigh -line	5	5%	19.00%

The Compan re ie s he e pec ed life of se, es ima ed ne resid al al e and deprecia ion me hod of fi ed asse s a he end of each ear, and changes, if an , are rea ed as changes in acco n ing es ima es.

22. Construction-in-progress

Cons r c ion in progress is carried for ard o fi ed asse s from he da e hen i is read for i s in ended se according o i s projec b dge , projec fee or ac al projec cos , and deprecia ion is pro ided commencing from he ne follo ing mon h. Upon he comple ion of final acco n a di of he comple ed projec , adj s men ill be made for an difference from he original al e of he fi ed asse s.

23. Borrowing costs

In erms of he borro ing cos s in ol ing fi ed asse s, in es men real es a e and in en or direc l a rib able o o er one ear cons r c ion or prod c ion o achie e i s in ended se or sale, he capi ali a ion of he borro ing cos s can commence onl hen all of he condi ions are sa isfied; e pendi res for he asse are being inc rred, borro ing cos s are being inc rred, and ac i i ies rela ing o he acq isi ion, cons r c ion or prod c ion of he asse ha are necessar o prepare he asse for i s in ended se or sale ha e commenced. When he q alified asse nder acq isi ion, cons r c ion or prod c ion is read for he in ended se or sale, he capi alisa ion of he borro ing cos s shall be ceased. The amo n of o her borro ing cos s shall be recognised in profi s of losses in he c rren period. If he q alified asse is in err p ed abnormall d ring cons r c ion or prod c ion, and in err p ion has las ed for hree consec i e mon hs, he capi alisa ion of he borro ing cos s shall be s spended n il he cons r c ion or prod c ion of a fi ed asse s is res med.

The amo n of in eres of specific borro ings occ rred for he period shall be capi alised af er ded c ing an in eres earned from deposi ing he n sed specific borro ings in he bank or an in es men income arising on he emporar in es men of hose borro ings d ring he capi alisa ion period. The capi alised amo n of general borro ings shall be de ermined on he basis ha he eigh ed a erage (of he e cess amo n s of c m la i e asse s e pendi res o er he specific borro ings) imes capi alisa ion ra e (of sed general borro ings). The ra e of capi alisa ion is de ermined b he eigh ed a erage in eres ra e of general borro ing.

24. Right-of-use assets

A righ -of- se asse is a righ o se a leased asse b he Compan , as a lessee, i hin a lease erm.

(1) Ini ial meas remen

A he commencemen of a lease erm, he Compan ini iall meas res a righ -of- se asse a cos , hich comprises he follo ing fo r elemen s: ① he amo n of lease liabili ini iall meas red; ② he lease pa men made on or before he commencemen da e of lease erm, ne of an incen i es recei ed; ③ an ini ial e penses direc l inc rred, ha is he incremen al cos inc rred o ob ain he lease; ④ he cos s e pec ed o be inc rred in disman ling and remo ing he leased asse , res oring he si e on hich i is loca ed or res oring he leased asse o he condi ion req ired b he erms and condi ions of he lease, nless i is inc rred from he prod c ion of in en ories.

(2) S bseq en meas remen

Af er he commencemen da e of lease erm, he Compan s bseq en l meas res he righ -of- se asse on a cos basis, ha is o meas re he righ -of- se asse a cos less acc m la ed deprecia ion and acc m la ed impairmen losses. The Compan remeas res lease liabili ies according o he req iremen s nder he s andard of leases and makes corresponding adj s men o he carr ing amo n of righ -of- se asse s.

(3) Deprecia ion of righ -of- se asse s

A righ -of- se asse is deprecia ed from he commencemen da e of lease erm. Generall , deprecia ion of a righ -of- se asse s ar s from he mon h hen he lease commences. The deprecia ion amo n is charged o he cos of he righ -of- se asse or profi or loss according o he se of he nderl ing asse .

When de ermining he deprecia ion me hod of a righ -of- se asse , he Compan considers he e pec ed cons mp ion of economic benefi s in respec of he righ -of- se asse and deprecia es he asse on a s raigh -line basis.

In de ermining he sef l life of a righ -of- se asse s, he Compan follo s he principles belo : if i can

For in angible asse s i h defini e sef l li es, he Compan adop s s raigh -line me hod for amor isa ion a he mon h of acq isi ion. The Compan amor ises land se righ , mari ime se righ on he basis of i s sef l life b s raigh -line me hod since i is acq ired. The pa en echnolog , non-pa en ed echnolog and o her in angible asse s are amor ised e enl on he basis of shor er of es ima ed sef l life, s ip la ed beneficial ear b con rac , and legal a ailable ear. The amor isa ion amo n is acco n ed in o profi and loss in he c rren period. The Compan makes he assessmen on he es ima ed sef l life and amor isa ion me hod of in angible asse s i h limi ed sef l life a he end of each ear. An changes ill be deal i h as changes on acco n ing es ima es.

Those i ho foreseeable period o bring economic benefi s o he Compan d e o ario s reasons are recognised as in angible asse s i h indefini e sef l life. The Compan ill re ie he sef l li es on hose in angible asse s i h indefini e sef l li es a each of he acco n ing period.

(2) Acco n ing polic regarding he e pendi re on he in ernal research and de elopmen

The Compan 's major research and de elopmen projec s rela e o bing and casing of differen models and ma erials.

Wi h reference o he na re of e pendi res and ncer ain of he final achie emen , e pendi re on an in ernal research and de elopmen projec is classified in o e pendi re on he research phase and e pendi re on he de elopmen phase.

From earl in es iga ions o he applica ions af er ma ri , he ne prod c R&D projec s of he Compan shall ndergo o phases, namel research and de elopmen . The research phase incl des s ch s ages as in es iga ion, s bs an ia ion, he ini ia ion and appro al of ann al ne prod c R&D plans, earl researches (incl ding form la design, process design, eq ipmen selec ion, form la ion of echnical s andards, e c.), he prepara ion and appro al of mon hl ne prod c R&D plans and so on, among hich he comple ion of appro al of mon hl ne prod c R&D plans s mbolises he end of he phase of research for a ne prod c . The de elopmen phase incl des specificall s ch s ages as rial prod c ion of he ne prod c , projec accep ance, e c., he la er of hich s mbolises he end of he phase of de elopmen for a ne prod c .

S ar ime of he phase of de elopmen : he poin hen he appro al of mon hl ne prod c R&D plans is comple ed, he earl researches are comple ed and he form la, prod c ion process and echnical s andards for he prod c are finalised.

E pendi re a he research phase is recognised in profi or loss of he period in hich i is inc rred.

E pendi re on he de elopmen phase is recognised as an in angible asse hen all of he follo ing cri eria are me :

1) i is echnicall feasible o comple e he in angible asse so ha i ill be a ailable for se or sale;

2) he managemen 's in en ion o comple e, se or sell he in angible asse ;

3) he Compan can demons ra e he a s in hich he in angible asse ill genera e economic benefi s, incl ding he e idence of he e is ence of a marke for he o p of he in angible asse or he in angible asse i self or, if i is o be sed in ernall , he sef lness of he in angible asse ;

4) he a ailabili of adeq a e echnical, financial and o her reso rces o comple e he de elopmen and he abili o se or sell he in angible asse ;

5) i s abili o meas re reliabl he e pendi re a rib able o he in angible asse d ring i s de elopmen phase.

E pendi re on he de elopmen phase hich does no mee he abo e cri eria is incl ded in profi or loss of he period in hich i is inc rred. E pendi re in he de elopmen phase hich has been incl ded in he profi or loss in he prior period ill no be recognised as asse in s bseq en period. The capi alised e pendi res in de elopmen phase are presen ed as de elopmen e pendi res in he balance shee and i is carried do n in o he in angible asse since he da e hen he asse is read for i s in ended se.

26. *Impairment of long-term assets*

The Compan assesses i ems s ch as long- erm eq i in es men s, in es men proper ies meas red a cos , fi ed asse s, cons r c ion-in-progress, righ -of- se asse s, in angible asse s i h defini e life and opera ing lease asse s, he Compan cond c s impairmen es here here is an indica ion of impairmen . In angible asse s i h indefini e good ill and sef l life are es ed a he end of each ear for impairmen , he her indica ion of impairmen e is or no .

The reco erable amo n of an asse is he higher of i s fair al e less cos s of disposal and he presen al e of he f re cash flo s e pec ed o be deri ed from he asse . An asse 's fair al e is he price in a sale agreemen in an arm's leng h ransac ion. If here is no sale agreemen b he asse is raded in an ac i e marke , fair al e shall be de ermined based on he bid price. If here is nei her sale agreemen nor ac i e marke for an asse , fair al e shall be based on he bes a ailable informa ion. Cos s of disposal are e penses a rib able o disposal of he asse , incl ding legal fee, rele an a and s rcharges, ranspor a ion fee and direc e penses inc rred o prepare he asse for i s in ended sale. The presen al e of he f re cash flo s e pec ed o be deri ed from he asse o er he co rse of con in ed se and final disposal is de ermined as he amo n disco n ed sing an appropria el selec ed disco n ra e. Pro isions for asse s impairmen shall be made and recognised for he indi id al asse . If i is no possible o es ima e he reco erable amo n of he indi id al asse , he Gro p shall de ermine he reco erable amo n of he asse gro p o hich he asse belongs. The asse gro p is he smalles gro p of asse s capable of genera ing cash flo s independen l .

When performing impairmen es on good ill ha is separa el presen ed in he financial s a emen s, he carr ing al e of good ill is alloca ed o he rela ed asse gro ps or gro ps of asse gro ps hich are e pec ed o benefi from he s nergies of he b siness combina ion. If he res l of he es indica es ha he reco erable amo n of an asse gro p or gro p of asse gro ps, incl ding he alloca ed good ill, is lo er han i s carr ing amo n , he corresponding impairmen loss is recognised. The impairmen loss is firs ded c ed from he carr ing amo n of good ill ha is alloca ed o he asse gro p or gro p of asse gro ps, and hen ded c ed from he carr ing amo n s of o her asse s i hin he asse gro ps or gro ps of asse gro ps in propor ion o he carr ing amo n s of asse s o her han good ill.

If he carr ing amo n of s ch asse e ceeds i s reco erable amo n af er impairmen es , he difference is recognised as impairmen losses. The abo e impairmen losses is irre ersible in he s bseq en acco n ing period once recognised.

27. *Long-term deferred expenses*

The Compan 's long- erm deferred e penses ill be amor ised e enl d ring i s beneficial period, If he long- erm prepa men s are no longer beneficial o he s bseq en acco n ing periods, he namor i ed balance is hen f ll ransferred o profi or loss for he c rren period.

28. *Contract liabilities*

Con rac liabili ies represen he obliga ion of he Compan o ransfer goods o c s omers for he considera ion hich has been recei ed or recei able from c s omers. Where c s omers ha e alread paid he con rac considera ion or he Compan has ob ained he ncondi ional righ o recei e he con rac considera ion before he Compan ransfers he goods o c s omers, he amo n recei ed or recei able is recognised as con rac liabili ies hen he c s omers' pa men is ac all made or is d e, hiche er is earlier.

29. *Employee compensations*

(1) Acco n ing for shor - erm emplo ee compensa ions

The Compan 's emplo ee compensa ions incl de shor - erm compensa ion, pos -emplo men benefi s, ermina ion benefi s and o her long- erm benefi s.

Shor - erm emplo ee benefi s incl de s aff salaries, bon ses, allo ances and s bsidies, emplo ee elfare e pendi res, social sec ri con rib ions (e.g. compensa ion ins rance, ork inj r ins rance and bir h ins rance), ho sing f nds, nion r nning cos s, emplo ee ed ca ion cos s, shor - erm paid lea es, shor - erm profi sharing schemes, non-mone ar elfare and o her shor - erm salaries. The Compan recognises emplo ee rem nera ion pa ables as liabili ies d ring he acco n ing period in hich emplo ees render heir ser ices and incl ded in profi s or losses in he c rren period or rela ed cos of asse s based on he beneficiaries of he ser ices.

(2) Acco n ing for pos -emplo men benefi s

Pos -emplo men benefi s mainl incl de basic pension ins rance, nemplo men ins rance and o hers. Based on he Compan 's risks and obliga ions, he are classified as defined con rib ion plans and defined benefi plans. As for he defined con rib ion plans, he con rib ions hich are made for indi id al s bjec s in e change for he s aff's ser ices rendered in he acco n ing period shall be recognised as liabili ies on he balance shee da e and incl ded in profi or loss of he period or rele an asse cos s according o he beneficiaries. The Compan has c rren l no defined benefi plan.

(3) Acco n ing for ermina ion benefi s

The Compan has c rren l no ermina ion benefi s.

(4) Acco n ing for o her long- erm compensa ions

The Compan has c rren l no o her long- erm compensa ions.

30. *Lease liabilities*

(1) Ini ial meas remen

The Compan ini iall meas res a lease liabili a he presen al e of o s anding lease pa men s a he commencemen da e of he lease erm.

1) Lease payments

A lease pa men refers o he amo n paid b he Compan o a lessor in rela ion o he righ o se a leased asse d ring he lease erm, hich incl des: ① he fi ed pa men s and he s bs an ial fi ed pa men s, ne of he lease incen i e amo n , if an ; ② he ariable lease pa men s depending on an inde or ra io, hich are de ermined a he ime of ini ial meas remen based on he inde or ra io on he commencemen da e of he lease erm; ③ he price of e ercising he op ion o p rchase, if he Compan can reasonabl be cer ain ha i ill e ercise he op ion; ④ he amo n pa able o e ercise he op ion o ermina e he lease, if he lease erm reflec s ha he Compan ill e ercise he op ion o ermina e he lease; ⑤ he amo n pa able based on he resid al al e of he g aran ee pro ided b he Compan .

2) Discount rate

In calc la ing he presen al e of a lease pa men , he Compan ses he a erage borro ing ra e of he main lease as he disco n ra e.

(2) S bseq en meas remen

Af er he commencemen da e of he lease erm, he Compan follo s he principles belo for he s bseq en meas remen of a lease liabili : ① o increase he carr ing amo n of he lease liabili hen recognising he in eres on he lease liabili ; ② o red ce he carr ing amo n of he lease liabili hen a lease pa men is made; ③ o remeas re he carr ing amo n of he lease liabili hen here is a change in lease pa men d e o a change of reassessmen or he lease.

The in eres e penses of a lease liabili in each period d ring he lease erm based on fi ed periodic in eres ra e are charged o he profi of loss of he c rren period, e cep hose are capi alised. Periodic in eres ra e is he disco n ra e sed b he Compan for ini ial meas remen of he lease liabili , or he re ised disco n ra e sed b he Compan hen remeas ring he lease liabili a he re ised disco n ra e d e o a change of lease pa men s or a change of he lease.

(3) Remeas remen

Af er he commencemen da e of he lease erm, he Compan remeas res he lease liabili based on he lease pa men s af er he change, i h a corresponding adj s men made o he carr ing amo n of he righ -of- se asse . The carr ing amo n of he righ -of- se asse is red ced o ero. If here is an f r her red c ion of he lease liabili , he Compan charge he remaining amo n o he profi or loss for he c rren period. ① There is a change in he s bs an ial fi ed pa men (in ha case, he original disco n ra e is sed for disco n ing); ② There is a change in projec ed pa able of he g aran ee resid al al e (in ha case, he original disco n ra e is sed for disco n ing); ③ There is a change in he inde or ra io sed for de ermining he lease pa men (in ha case, he re ised disco n ra e is sed for disco n ing); ④ There is a change in he assessmen res l of he p rchase op ion (in ha case, he re ised disco n ra e is sed for disco n ing); ⑤ There is a change in he assessmen res l of he e ension or ermina ion op ion or he ac al e ercise of he op ion (in ha case, he original re ised ra e is sed for disco n ing).

31. Provisions

A pro ision is recognised as a liabili ies hen an obliga ion rela ed o a con ingenc , s ch as g aran ees pro ided o o siders, pending li iga ions or arbi ra ions, prod c arran ies, red ndanc plan, onero s con rac , recons r c ing, e pec ed disposal of fi ed asse s, sa isfied all of he follo ing condi ions: he obliga ion is a presen obliga ion of he Compan ; i is probable ha an o flo of economic benefi s ill be req ired o se le he obliga ion; and he amo n of he obliga ion can be meas red reliabl .

A pro ision shall be ini iall meas red a he bes es ima e of he e pendi re req ired o se le he rela ed presen obliga ion. Considering he fac ors, s ch as risk, ncer ain ies, and ime al e of mone rela ed o he con ingencies. Where he effec of he ime al e of mone is ma erial, he bes es ima e shall be de ermined b disco n ing he rela ed f re cash o flo s. Where disco n ing is sed, he increase in he pro ision d e o he passage of ime is recognised as an in eres e pense.

If all or par of he e pense necessar for se ling he pro isions is e pec ed o be compensa ed b he hird par , he amo n of compensa ion is separa el recognised as an asse hen i is basicall de ermined o be reco erable, and he recognised amo n of he compensa ion shall no e ceed he carr ing amo n of he pro isions.

The Compan re ie s he carr ing amo n of pro isions a he balance shee da e and makes appropria e adj s men s o reflec he c rren bes es ima e.

32. Safety Production Fee

The Compan collec s, ilises and re ie s he prod c ion safe fee p rs an o he rele an req iremen s of No ice of he Minis r of Finance and he S a e Adminis ra ion of Work Safe on Iss ing he Adminis ra i e Meas res for he Collec ion and U ilisa ion of En erprise Work Safe F nds (Cai Qi [2022] No. 136) and No ice of he Minis r of Finance on Iss ing In erpre a ion No. 3 of he Acco n ing S andards for B siness En erprises (Cai H i [2009] No. 8).

The ransac ion price is he amo n of considera ion o hich he Compan e pec s o be en i led in e change for ransferring promised goods or ser ices o a c s omer, e cl ding amo n s collec ed on behalf of hird par ies. The Compan recognises he ransac ion price onl o he e en ha i is highl probable ha a significan re ersal in he amo n of c m la i e re en e recognised ill no occ r hen he ncer ain associa ed i h he ariable considera ion is s bseq en l resol ed. The considera ion hich he Compan e pec s o ref nd o he c s omer is recognised as liabili ies and e cl ded from ransac ion price. Where he con rac con ains a significan financing componen , he Compan recogni es he ransac ion price a an amo n ha reflec s he price ha a c s omer o ld ha e paid for he promised goods or ser ices if he c s omer had paid cash for hose goods or ser ices hen (or as) he ransfer o he c s omer. The difference be een he amo n of promised considera ion and he cash selling price is amor ised sing an effec i e in eres me hod o er he con rac erm. The Compan does no adj s he considera ion for an effec s of a significan financing componen if i e pec s, a con rac incep ion, ha he period be een hen he Compan ransfers a promised good or ser ice o a c s omer and hen he c s omer pa s for ha good or ser ice ill be one ear or less.

The Compan sa isfies a performance obliga ion o er ime if one of he follo ing cri eria is me ; or o her ise, a performance obliga ion is sa isfied a a poin in ime:

1) he c s omer sim l aneo sl recei es and cons mes he benefi s pro ided b he Compan 's performance as he Compan performs.

2) he c s omer can con rol he asse crea ed or enhanced d ring he Compan 's performance.

3) he Compan 's performance does no crea e an asse i h an al erna i e se o i and he Compan has an enforceable righ o pa men for performance comple ed o da e.

For performance obliga ion sa isfied o er ime, he Compan recognises re en e o er ime b meas ring he progress o ards comple e sa isfac ion of ha performance obliga ion, hich is de ermined b inp me hod. When he o come of ha performance obliga ion canno be meas red reasonabl , b he Compan e pec s o reco er he cos s inc rred in sa isf ing he performance obliga ion, he Compan recognises re en e onl o he e en of he cos s inc rred n il s ch ime ha i can reasonabl meas re he o come of he performance obliga ion.

For performance obliga ion sa isfied a a poin in ime, he Compan recognises re en e a he poin in ime a hich he c s omer ob ains con rol of rele an goods or ser ices. To de ermine he her a c s omer has ob ained con rol of goods or ser ices, he Compan considers he follo ing indica ors:

1) he Compan has a presen righ o pa men for he goods or ser ices.

2) he Compan has ransferred he legal i le of he goods o he c s omer.

3) he Compan has ransferred ph sical possession of he goods o he c s omer.

4) he Compan has ransferred he significan risks and re ards of o nership of he goods o he c s omer.

5) he c s omer has accep ed he goods or ser ices.

The Compan 's righ o considera ion in e change for goods or ser ices ha i has ransferred o a c s omer is s a ed as con rac asse . The Compan recognises allo ances for impairmen loss for e pec ed credi loss on con rac asse s. Recei able is he Compan 's ncondi ional righ o considera ion o be recei ed from a c s omer. A con rac liabili is he Compan 's obliga ion o ransfer goods or ser ices o a c s omer for hich he considera ion is recei ed or recei able b he Compan from he c s omer.

(2) Specific acco n ing policies rela ed o he main ac i i ies of he Compan 's re en e are described belo :

① *Contracts for sale of goods*

Con rac s for sale of goods be een he Compan and i s c s omers s all incl de onl he performance obliga ions in respec of he ransfer of goods. In general, he Compan recognises re en e a he poin in ime hen he c s omer accep s he con rol of he goods, aking in o f ll considera ion of he follo ing fac ors: ob aining he presen righ o recei ing pa men in respec of he goods; ransfer of s bs an ial risks and re rns in respec of he i le o he goods; ransfer of legal i le in respec of he goods; ransfer of he ph sical asse of he goods; and he accep ance of goods b c s omers.

② *Contracts for provision of services*

Con rac s for pro ision of ser ices be een he Compan and i s c s omers s all con ain performance obliga ions s ch as echnical ser ices and af er-sale main enance ser ices. While he Compan performs he con rac , he c s omer ob ains and cons mes he economic benefi bro gh b he Compan 's performance, and in respec of he por ion of re en e arising from he Compan 's performance comple ed o da e, he Compan is en i led, d ring he en ire alidi period of he con rac , o recognise re en e according o progress of performance i hin s ch period for sa isf ing s ch performance obliga ions d ring a period of ime, ho e er o her han circ ms ances ha he progress of performance canno be reasonabl de ermined. The Compan de ermines progress of performance in respec of he pro ision of ser ices sing inp me hod. When he progress of performance canno be reasonabl de ermined, if he cos s inc rred are e pec ed o be compensa ed, he Compan recognises re en e based on he amo n of cos s inc rred, n il he progress of performance can be reasonabl de ermined.

Differences in acco n ing policies for re en e recogni ion d e o he adop ion of differen b siness models for similar b sinesses

34. Government grants

The Compan 's go ernmen gran s incl de financial f nding, in eres s bsid for loans and a reba es, of hich go ernmen gran s rela ed o asse s represen he go ernmen gran s ob ained b he Compan and applied o ards acq iring and cons r c ing or o her ise de elop long- erm asse s. Go ernmen gran s rela ed o income represen he go ernmen gran s o her han hose rela ed o asse s. If no gran ee is specified in he go ernmen doc men s, he Compan shall de ermine based on he abo e classifica ion principles, o her ise, i is classified as a go ernmen gran rela ed o income in i s en ire .

If a go ernmen gran is a mone ar asse , i is meas red a he amo n ac all recei ed. For he gran s being alloca ed in accordance i h fi ed q o as, or if here is s fficien e idence a end of he ear o sho ha he en i complies i h he condi ions of financial policies and is e pec ed o recei e s ppor ing f nds, he gran s shall be meas red a recei able amo n . If a go ernmen gran is a non-mone ar asse , i is meas red a i s fair al e, and in he e en he fair al e canno be acq ired in a reliable a , i is meas red a i s nominal amo n (RMB1).

Go ernmen gran s rela ed o asse s are recognised as deferred income and are alloca ed e enl o profi or loss for he period o er he sef l life of he rele an asse . The balance of ndis rib ed deferred income of a rela ed asse hich is disposed, ransferred, re ired or damaged before he end of i s sef l life is ransferred o gain or loss of disposal of asse s for he period.

If a go ernmen gran rela ed o income is o compensa e he rela ed cos , e penses or losses o be inc rred in s bseq en periods, i is recognised as deferred income, and is recognised in profi or loss for he period hen he rela ed cos , e penses or losses inc rred. If a go ernmen gran is rela ed o he ordinar ac i i ies, i is incl ded in o her income based on he economic s bs ance of he b siness. Go ernmen gran s no rela ed o he ordinar ac i i ies are incl ded in non-opera ing income or e penses.

In eres s bsidies for polic -rela ed preferen ial loans ob ained b he Compan are classified as in eres s bsid f nds paid o lending banks or in eres s bsid f nds direc l paid o he Compan , hich are acco n ed for based on he follo ing principles:

(1) For in eres s bsid f nds paid o lending banks, he lending banks pro ide loans o he Compan a polic -rela ed preferen ial ra es, and he Compan recognises he borro ing amo n ac all recei ed as he book al e of he borro ing, and calc la es he rele an borro ing e penses based on he principal and he polic -rela ed preferen ial ra e of he borro ing.

(2) For in eres s bsid f nds paid direc l o he Compan , he Compan ill offse he corresponding in eres s bsid agains he rele an borro ing e penses.

For go ernmen gran s recognised ha needs o be re rned, he Compan acco n s he re rning amo n in he period according o he follo ing:

(1) Where i has been offse agains he carr ing al e of he rele an asse on ini ial recogni ion, he carr ing al e of he asse is adj s ed.

(2) Where rele an deferred income e is s, he balance of he carr ing amo n of he rele an deferred income is offse and he e cess is recognised in profi or loss for he period.

(3) In o her cases, i is direc l recognised in profi or loss for he period.

35. Deferred income tax assets/deferred income tax liabilities

Deferred income a asse s and deferred income a liabili ies of he Compan are calc la ed and recognised based on he difference be een a bases and carr ing amo n s of asse s and liabili ies (emporar differences). Deferred income a asse is recognised for he ded c ible losses ha are ded c ible agains a able profi in s bseq en ears in accordance i h he req iremen s nder a la s. No deferred a liabili is recognised for emporar difference arising from ini ial recogni ion of good ill. No deferred income a asse or deferred income a liabili is recognised for a emporar difference arising from ini ial recogni ion of asse or liabili d e o a ransac ion o her han a b siness combina ion, hich affec s nei her acco n ing profi nor a able profi (or ded c ible loss). A balance shee da e, deferred income a asse s and deferred income a liabili ies are meas red a he applicable a ra es for he period hen he asse is e pec ed o be realised or he liabili is e pec ed o be se led.

Deferred income a asse s are recognised o he e en ha i is probable ha f re a able profi ill be a ailable o ded c from he ded c ible emporar difference, ded c ible losses and a credi s.

36. Leases

(1) Iden ifica ion of leases

A lease is a con rac nder hich he lessor con e s he righ o se an asse o he lessee for a period of ime in e change for considera ion. A incep ion of a con rac , he Compan assesses he her a con rac is, or con ains, a lease. A con rac is, or con ains, a lease if he con rac con e s he righ o con rol he se of one or more iden ified asse s for a period of ime in e change of considera ion. To de ermine he her a con rac con e s he righ o con rol he se of an iden ified asse , he Compan assesses he her he lessee has he righ o ob ain s bs an iall all of he economic benefi s from he se of he iden ified asse hro gho he period of ses, and also he her he lessee has he righ o direc he se of he iden ified asse .

For a con rac ha con ains m l iple lease componen s, he Compan separa es he con rac and acco n s for each lease componen as a lease separa el . For a con rac ha con ains lease and non-lease componen s, he Compan separa es and acco n s for he lease and non-lease componen s.

(2) The Compan as a lessee

1) Lease recognition

The Compan recognises righ -of- se asse s and lease liabili ies for leases a he beginning of he lease erm. For he recogni ion and meas remen of righ -of- se asse s and lease liabili ies, see 24. Righ -of- se asse s and 30. Lease liabili ies in No e V.

2) Modifications of leases

Modifica ions of leases refer o he changes in he lease scope, lease considera ion, and lease erm o her han he original con rac erms, incl ding he addi ion or ermina ion of he righ s of se of one or more leased asse s, and he e ension or shor ening of he lease erm s ip la ed in he con rac . The effec i e da e of he modifica ions of leases is a da e fi ed for he modifica ion of he lease as agreed b bo h par ies.

If modifica ion of lease happens and mee s he follo ing condi ions, he Compan acco n s for he modifica ion of lease as a separa e lease: ① he modifica ion of lease e pands he scope of lease or e ends he d ra ion of lease b adding righ of se of one or more leased asse s; ② he increased considera ion and he s andalone price of he e panded par of lease or he e ended d ra ion of lease are eq i alen af er adj s men is made based on he con rac .

If he modifica ion of lease is no acco n ed for as a separa e lease, on he effec i e da e of he modifica ion of lease, he Compan alloca es he considera ion of he modified con rac in accordance i h he acco n ing s andard in respec of leases and re-de ermines he lease erm af er modifica ion; and disco n he lease pa men s af er modifica ion a he disco n ra e af er modifica ion for remeas remen of lease liabili . When calc la ing he presen al e of he lease pa men af er modifica ion, he Compan ses he in eres ra e implici in lease of he remaining lease erm as he disco n ra e. If he in eres ra e implici in lease of he remaining lease erm canno be de ermined, he Compan ses lessee's incremen al borro ing ra e a he effec i e da e of he modifica ion of he lease as he disco n ra e. The Compan acco n s for he conseq ences of he abo e adj s men nder he follo ing circ ms ances: ① If he modifica ion of lease res l s in a narro er scope of lease or a shor er lease erm, he lessor red ces he carr ing amo n of he righ -of- se asse o reflec he gain or loss on par l or holl ermina ion of he lease in he profi or loss of he c rren ear. ② For o her modifica ions of lease ha res l in remeas remen of lease liabili , he lessee made corresponding adj s men o he carr ing amo n of he righ -of- se asse .

3) Short-term leases and leases of low-value asset

For shor - erm leases i h lease erm of less han 12 mon hs and leases of a single lease asse hich is of rela i el lo al e hen i is ne , he Compan has elec ed no o recognise righ -of- se asse and lease liabili . The Compan charges he lease pa men s of shor - erm leases and he lo - al e asse leases o he cos of he nderl ing asse s or he profi or loss for he c rren period in each period of he lease erm on a s raigh -line basis.

(3) The Compan as a lessor

On he basis of de ermining he con rac is or con ains a lease as men ioned in V. 36.(1) , he Compan , as a lessor, classifies he lease as finance lease and opera ing lease a he incep ion of he lease.

If a lease ransfers, in s bs ance, s bs an iall all of he risks and re ards of he o nership of he leased asse , he lessor classifies he lease as finance lease. O her han ha , all leases are classified as opera ing leases.

A lease is s all classified as a finance lease b he Compan hen one or more of he follo ing condi ions are sa isfied: ① When he lease erm e pires, he o nership of he leased asse is ransferred o he lessee; ② The lessee has he op ion o p rchase he leased asse . The p rchase price en ered in o is s fficien l lo compared o he fair al e of he leased asse hen he op ion is e pec ed o be e ercised. Therefore, i can be reasonabl cer ain a he commencemen da e of he lease ha he lessee ill e ercise he op ion; ③ The o nership of he asse is no ransferred, b he lease erm akes p mos of he sef l life of he leased asse s (no less han 75% of he sef l life of he leased asse); ④ On he commencemen da e of he lease, he presen al e of he lease receip is basicall eq i alen o he fair al e of he leased asse (no less han 90% of he fair al e of he leased asse); ⑤ The leased asse s are of a special na re. If no major modifica ions are made, i can onl be sed b he lessee. If one or more of he follo ing indica ions e is in a lease, he Compan ma also classif i as a finance lease: ① If he lessee cancels he lease and he loss ca sed o he lessor arising from he cancella ion of lease is borne b he lessee; ② The gain or loss arising from he fair al e change in he balance of he asse belongs o he lessee; ③ The lessee is able o con in e he lease for he ne period a a ren far belo he marke le el.

1) Accounting for finance leases

Ini ial meas remen

A he commencemen da e of he lease, he Compan recognises he finance lease recei ables for finance leases and derecognises finance lease asse s. On ini ial meas remen of finance lease recei ables, he ne lease in es men is sed o record he al e of he finance lease recei able.

The ne lease in es men is he s m of he ng aran eed resid al al e and he presen al e of o s anding lease receip s a he commencemen da e of he lease erm (disco n ed b he in eres ra e implici in he lease). A lease receip is he pa men recei able from he lessee b he lessor for con e ing he righ o se a leased asse i hin he lease period, hich comprises: ① he fi ed pa men s and he s bs an ial fi ed pa men s o be made b he lessee, ne of he lease incen i e amo n , if an ; ② he ariable lease pa men s depending on an inde or ra io, hich are de ermined a he ime of ini ial meas remen based on he inde or ra io on he commencemen da e of he lease erm; ③ he price of e ercising he op ion o p rchase, pro ided ha i is reasonabl cer ain ha he lessee ill e ercise he op ion; ④ he amo n pa able b he lessee for e ercising he op ion o ermina e he lease, pro ided ha he lease erm reflec s ha he lessee ill e ercise he op ion o ermina e he lease; ⑤ he resid al al e of he g aran ee pro ided b he lessee, i s rela ed par and an independen hird par ha ing financial capabili o f lfil he obliga ion nder he g aran ee.

S bseq en meas remen

The Compan calc la es and recognises in eres income in each period d ring he lease erm based on fi ed periodic in eres ra e. Periodic in eres ra e is he implici disco n ra e sed o de ermine he ne lease in es men (For s b-leases here he implici in eres ra e canno be de ermined, he disco n ra e of he original lease is sed (adj s ed b an ini ial direc e penses in rela ion o he s b-lease), or he re ised disco n ra e fi ed hen he modifica ion of he finance lease is no rea ed as a separa e lease and he leased is classified as finance lease in accordance i h he rele an req iremen i h he cri eria are sa isfied had he modifica ion ake effec on he commencemen da e of he lease.

Acco n ing for lease modifica ion

If he finance lease is modified and mee s he follo ing condi ions, he Compan acco n s for he modifica ion as a separa e lease: ① The modifica ion e pands he lease scope b adding righ o se of one or more leased asse s; ② The increased considera ion is eq al o he s andalone price of he e panded lease scope as adj s ed based on he con rac .

If he modifica ion of finance lease is no acco n ed for as a separa e lease, and i sa isfies he cri eria of classifica ion of he lease as an opera ing lease had he modifica ion akes effec on he lease commencemen da e, he Compan acco n s for he lease modifica ion as a ne lease since he effec i e da e of he lease modifica ion, i h he ne lease in es men prior o he effec i e da e of he lease modifica ion as he carr ing amo n of he leased asse .

2) *Accounting for operating leases*

Trea men for ren s

In each period d ring he lease erm, he Compan recognises lease receip s from opera ing lease as ren al income on a s raigh line basis.

Incen i e meas res pro ided

For ren -free period, he Compan alloca es he o al ren o er he lease erm i ho ded c ing ren -free period on a s raigh line basis, and recognises ren al income d ring he ren -free period. If he Compan bears cer ain e penses on behalf of he lessee, s ch e penses are ded c ed from he ren al income and he balance of ren al income af er ded c ion is alloca ed o er he lease erm.

Ini ial direc e penses

The ini ial direc e penses inc rred b he Compan in rela ion o he opera ing leases are capi alised as cos of he leased asse , and eq all charged o he profi or loss for he c rren period o er he lease erm in accordance i h he same basis of recogni ion as ren al income.

Deprecia ion

For he fi ed asse s in opera ing lease asse s, he are deprecia ed sing he polic similar o he deprecia ion of asse s. For o her opera ing lease asse s, he are amor ised on a s s ema ic and reasonable manner.

Variable lease pa men s

The ariable lease pa men s recei ed b he Compan ha ha e no incl ded in lease receip s rela ing he opera ing leases are credi ed o he profi or loss of he c rren period hen he occ r.

Modifica ions of opera ing leases

A modifica ion of opera ing lease is acco n ed for b he Compan as a ne lease since i s effec i e da e. An prepaid lease pa men s or lease recei ables rela ing o he modifica ion is rea ed as a receip for ne lease.

37. Other Significant Accounting Policies and Accounting Estimates

(1) Acco n ing for income a

Income a is acco n ed for sing liabili me hod. Income a e penses represen he s m of c rren a and deferred a . C rren a and deferred a rela ing o he ransac ions or ma ers ha are direc l recorded in shareholders' eq i are deal i h in shareholders' eq i . Deferred a arising from b siness combina ion is adj s ed o he carr ing al e of good ill. All o her c rren a and deferred a are recognised in profi or loss for he period.

The a c rren l pa able is he amo n of a pa able o a a ion b rea b he en erprises in respec of he ransac ions and ma ers of he c rren period calc la ed according o he a a ion reg la ions. The deferred income a is he difference be een he balances of he deferred income a asse s and deferred a liabili ies ha sho ld be recognised sing he balance shee liabili ies approach a he end of period and heir balances originall recognised.

(2) Segmen informa ion

The Compan 's opera ing segmen s are iden ified based on in ernal organisa ion s r c re, managemen req iremen s and in ernal repor ing s s em. The repor able segmen s are de ermined and disclosed based on he opera ing segmen s.

Opera ing segmen is a componen of he Compan ha sa isfies he follo ing cri eria sim l aneo sl : he componen can genera e re en e and e penses in b siness ac i i ies; he managemen of he Compan can assess he opera ing performance of he componen in order o alloca e reso rces and assess performance; and he Compan can acq ire acco n ing informa ion s ch as he financial posi ion, opera ing performance and cash flo of he componen . If o or more opera ing segmen s carr similar economic charac eris ics, and sa isf cer ain cri eria, he are combined as one opera ing segmen .

(3) Discon in ed opera ions

Discon in ed opera ions refer o componen s of he Compan hich sa isf an of he follo ing condi ions and can be indi id all dis ing ished, and s ch componen s ha e been disposed of or classified as a ailable-for-sale: (1) he componen s represen an independen major b siness or a separa e major region of opera ion; (2) he componen s are par of an in ended disposal plan rela ed o an independen major b siness or a separa e major region of opera ion; (3) he componen s are s bsidiaries acq ired specificall for resale.

38. Changes in significant accounting policies and accounting estimates

(1) Changes in significan acco n ing policies

Applicable ✓ No applicable

(2) Changes in significan acco n ing es ima es

Applicable ✓ No applicable

(3) Ini ial implemen a ion of ne acco n ing s andards o adj s he rela ed i ems in he financial s a emen s a he beginning of he ear from 2023 on ard

Applicable ✓ No applicable

I. [illegible]

1. *Main tax types and tax rates*

[illegible]	[illegible]	[illegible]
Val e-added a	Val e-added a pa able is he balance of o p a af er ded c ing ded c ible impor a	13%, 9%, 5%
Urban main enance and cons r c ion a	T rno er a ac all paid	7%
En erprise income a	Ta able profi s	15%, 16.5%, 25%
Ed ca ion s rcharge	T rno er a ac all paid	3%
Local ed ca ion s rcharge	T rno er a ac all paid	2%

Disclos res regarding a pa ing en i ies s bjec o differen en erprise income a ra es

[illegible]	[illegible]
The Compan	15%
Molong Logis ic	25%
MPM	16.5%
Sho g ang Baolong	25%
Sho g ang Maolong	25%
Molong Elec ro-mechanical	25%
Weihai Baolong	25%
Molong I&E	20%
Molong Commercial	20%

2. *Tax incentives*

(1) According o he doc men of Le er Regarding 2020 2nd Ba ch Filing of High- ech En erprises of Shandong Pro inc̲e (G o Ke H o Zi [2021] No. 25) iss ed b he Leading Gro p Office of Na ional High ech En erprises Recogni ion and Managemen , he Compan has been recognised as a high- ech en erprise and ob ained a cer ifica e of high- ech en erprise No. GR202037004362. The cer ifica e of high- ech en erprise as iss ed on 8 December 2020 and is alid for a erm of hree ears.

According o he reg la ions of high- ech en erprise recogni ion and rele an na ional a policies, he Compan can enjo preferen ial na ional a policies for hree consec i e ears (from 2020 o 2022) from he re-recogni ion of high- ech en erprises, i.e. pa ing en erprise income a a a ra e of 15%.

(2) According o he Anno ncemen of he S a e Adminis ra ion of Ta a ion on he Collec ion and Managemen of Preferen ial Income Ta Policies for Small Lo -Profi En erprises (SAT Anno ncemen [2023] No. 6), from 1 Jan ar 2023 o 31 December 2024, small lo -profi en erprises shall calc la e a able income a a red ced ra e of 25% for he par of a able income no e ceeding RMB3 million, hich is s bjec o en erprise income a a he ra e of 20%.

II. E [illegible] C [illegible] F [illegible] L I [illegible]

1. *Monetary funds*

Uni : RMB

I [illegible]	B [illegible]	Balance a he beginning of he period
Cash on hand	**209,646.21**	40,394.74
Cash a banks	**27,595,898.94**	217,265,724.34
O her mone ar f nds	**426,035,676.62**	242,351,703.49
To al	**453,841,221.77**	459,657,822.57
Incl ding: To al deposi s o erseas	**2,544,903.93**	2,450,457.39
To al f nds res ric ed for se as sec ri , pledge or free e	**433,131,291.60**	245,410,596.72

O her descrip ions:

(1) The Compan 's deposi s o erseas represen ed he mone ar f nds of MPM, a Hong Kong-based s bsidiar .

(2) The Compan 's o her mone ar f nds a he end of he period incl ded bank accep ance margins of RMB424,309,787.13 (as a he beginning of he ear: RMB239,976,846.00), USD-denomina ed margins of RMB722,982.33 (as a he beginning of he ear: RMB696,671.72) and deposi s in o her financial ins i ions of RMB1,002,907.16 (as a he beginning of he ear: RMB1,678,185.77).

(3) The Compan had sec ri deposi s for bank accep ance bills i h ma ri da e o er 3 mon hs of RMB72,910,000.00 (as a he beginning of he ear: RMB96,248,500.00).

(4) Mone ar f nds res ric ed for se

Uni : RMB

I [illegible]	B [illegible]	Balance a he beginning of he period
Bank deposi s	**8,098,522.10**	4,737,079.00
O her mone ar f nds	**425,032,769.46**	240,673,517.72
To al	**433,131,291.60**	245,410,596.72

As a he balance shee da e, he Compan had f nds of RMB8,098,522.10 s bjec o j dicial free ing for li iga ions.

2. *Bills receivable*

(1) Presen a ion of bills recei able b pe

Uni : RMB

I		Balance a he beginning of he period
Trade accep ance bills	**60,192,674.87**	171,547,752.98
To al	**60,192,674.87**	171,547,752.98

Uni : RMB

						Balance a he beginning of he period				
						Book balance		Pro ision for bad deb s		
	A		A		B	Amo n	Percen age	Amo n	Pro ision ra e	Book al e
Bills recei able pro ided for bad deb s on a collec i e basis	**60,800,681.69**	**100.00%**	**608,006.82**	**1.00%**	**60,192,674.87**	173,280,558.57	100.00%	1,732,805.59	1.00%	171,547,752.98
Incl ding:										
Bills recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on aging charac eris ics	**60,800,681.69**	**100.00%**	**608,006.82**	**1.00%**	**60,192,674.87**	173,280,558.57	100.00%	1,732,805.59	1.00%	171,547,752.98
To al	**60,800,681.69**		**608,006.82**		**60,192,674.87**	173,280,558.57		1,732,805.59		171,547,752.98

Pro ision for bad deb s on a collec ed basis: Bills recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on aging charac eris ics

Uni : RMB

Wi hin 1 ear	60,800,681.69	608,006.82	1.00%
To al	60,800,681.69	608,006.82	

Basis for de ermining he gro p:

Age of he bills recei able as a he end of he period: The bills recei able of he Compan as a he end of he period ere all aged i hin 1 ear.

If pro ision for bad deb s of bills recei able as made sing he general approach of e pec ed credi loss, please disclose he informa ion on pro ision for bad deb s i h reference o he disclos res of o her recei ables:

Applicable ✓ No applicable

(2) Pro ision, reco er or re ersal of pro ision for bad deb s for he c rren period

Pro ision for bad deb s for he c rren period:

Uni : RMB

Pro isions for bad deb s of bills recei able	1,732,805.59	(1,124,798.77)	—	—	—	608,006.82
To al	1,732,805.59	(1,124,798.77)	—	—	—	608,006.82

Incl ding an significan reco er or re ersal of pro ision for bad deb s for he period:

Applicable ✓ No applicable

(3) Pledged bills recei able of he Compan a he end of he period

Uni : RMB

Trade accep ance bills	7,558,071.96
To al	7,558,071.96

(4) Bill recei ables ha ha e been endorsed or disco n ed a he end of he period and ha e no e e pired a he balance shee da e

Uni : RMB

Trade accep ance bills	—	49,585,777.14
To al	—	49,585,777.14

(5) Bills ransferred o acco n s recei able d e o non-performance of dra ers a he end of he period

The Compan had no bills ransferred o acco n s recei able d e o non-performance of dra ers.

(6) Ac al ri e-off of bills recei able for he c rren period

There ere no ac al ri e-offs of bills recei able for he c rren period.

3. *Accounts receivable*

(1) Disclos re of acco n s recei able b pe

Uni : RMB

						Balance a he beginning of he period				
						Book balance		Pro ision for bad deb s		
	A		A		B	Amo n	Percen age	Amo n	Pro ision ra e	Book al e
Incl ding:										
Acco n s recei able pro ided for bad deb s on a collec i e basis	469,861,648.77	100.00%	105,462,837.18	22.45%	364,398,811.59					

Basis for de ermining he gro p:

If pro ision for bad deb s of acco n s recei ables as made sing he general approach of e pec ed credi loss, please disclose he informa ion on pro ision for bad deb s i h reference o he disclos res of o her recei ables:

Applicable ✓ No applicable

Disclosure by age

Uni : RMB

A	B
Wi hin 1 ear (incl si e)	366,466,496.17
1 o 2 ears	2,451,875.32
2 o 3 ears	523,052.05
O er 3 ears	100,420,225.23
3 o 4 ears	0.00
4 o 5 ears	1,601,864.77
O er 5 ears	98,818,360.46
To al	469,861,648.77

(2) Pro ision, reco er or re ersal of pro ision for bad deb s for he c rren period

Pro ision for bad deb s for he c rren period:

Uni : RMB

	B					B
Pro ision for bad deb s of acco n s recei able	102,663,089.66	2,799,747.52	—	—	—	105,462,837.18
To al	102,663,089.66	2,799,747.52	—	—	—	105,462,837.18

(3) Acco n s recei ables ac all ri en off d ring he c rren period

There ere no acco n s recei able ac all ri en off d ring he c rren period.

(4) Balance of fi e larges acco n s recei able as a he end of he period b deb ors

Uni : RMB

En i I	130,500,500.33	27.77%	1,305,005.00
En i II	122,833,464.95	26.14%	1,228,334.65
En i III	50,585,077.68	10.77%	50,585,077.68
En i IV	46,222,835.06	9.84%	462,228.35
En i V	41,930,012.42	8.92%	419,300.12
To al	392,071,890.44	83.44%	

No e: The Compan did no ha e an rela ed rela ionship i h he abo e en i ies and he direc ors, s per isors, senior managemen , ke echnicians, shareholders ho had more han 5% of he shares, ac al con roller and o her rela ed par ies of he Compan did no ha e an in eres in he major c s omers.

(5) Acco n s recei able derecognised on ransfer of financial asse s

As a 30 J ne 2023, he Compan had no acco n s recei able derecognised on he ransfer of financial asse s.

(6) Amo n of asse s or liabili ies arising from ransfer of acco n s recei able i h con in o s in ol emen

As a 30 J ne 2023, he Compan had no asse s or liabili ies arising from ransfer of acco n s recei able i h con in o s in ol emen .

4. *Financing receivables*

Uni : RMB

I		Balance a he beginning of he period
Bank accep ance bills	**16,486,581.33**	5,371,855.71
To al	**16,486,581.33**	5,371,855.71

(2) Balance of fi e larges prepa men s as a he end of he period b prepaid en i

Uni : RMB

		A	(%)
En i I	2,370,000.00	Wi hin 1 ear	3.04%
En i II	1,200,227.25	Wi hin 1 ear	1.54%
En i III	860,065.17	Wi hin 1 ear	1.10%
En i IV	652,083.33	Wi hin 1 ear	0.84%
En i V	570,330.00	Wi hin 1 ear	0.73%
To al	5,652,705.75		7.25%

6. *Other receivables*

Uni : RMB

I		Balance a he beginning of he period
O her recei ables	**11,113,319.94**	5,626,830.61
To al	**11,113,319.94**	5,626,830.61

(1) O her recei ables

1) Other receivables by payment nature

Uni : RMB

	Book balance a he beginning of he period
S aff rno er loans	**808,000.00**	699,000.00
Deposi s/margins	**9,130,630.60**	3,029,305.84
Amo n s d e from adminis ra i e en i ies	**1,369,800.00**	1,369,800.00
Recei able e por a reba e	**0.00**	237,314.85
Amo n s d e from o her en i ies	**1,727,451.96**	1,773,537.72
Less: Pro ision for bad deb s of o her recei ables	**(1,922,562.62)**	(1,482,127.80)
To al	**11,113,319.94**	5,626,830.61

2) Provision for bad debts

Uni : RMB

	1	2	3
12-		( )	( )
Balance a 1 Jan ar 2023			

3) Provision, recovery or reversal of provision for bad debts for the current period

Pro ision for bad deb s for he c rren period:

Uni : RMB

Pro isions for bad deb s of o her recei ables	1,482,127.80	440,434.82	—	—	—	1,922,562.62
To al	1,482,127.80	440,434.82	—	—	—	1,922,562.62

4) Other receivables actually written off during the current period

There ere no o her recei ables ac all ri en off d ring he c rren period.

5) Balance of five largest other receivables as at the end of the period by debtor

Uni : RMB

Shaan i Energ Chemical Ind s r E change Co., L d. (陝西能源化工交易所股份有限公司)	Sec ri deposi s	6,000,000.00	Wi hin 1 ear	46.03%	—
Shaan i Energ Chemical Ind s r E change Co., L d. (陝西能源化工交易所股份有限公司)	Sec ri deposi s	257,236.60	1 2 ears	1.97%	—
Wendeng Gaoc n To n People's Go ernmen (文登市高村鎮人民政府)	Amo n s d e from adminis ra i e en i ies	1,300,000.00	O er 5 ears	9.97%	780,000.00
CNPC Ch anqing Drilling Engineering Compan Limi ed (中國石油集團川慶鑽探工程有限公司)	Sec ri deposi s	1,164,196.00	Wi hin 1 ear	8.93%	—
Sho g ang Social Ins rance Managemen Cen er (壽光市社會保險事業管理中心) (Work Inj r)	Ins rance	106,974.57	Wi hin 1 ear	0.82%	15,882.09
Sho g ang Social Ins rance Managemen Cen er (壽光市社會保險事業管理中心) (Work Inj r)	Ins rance	994,248.24	1 2 ears	7.63%	546,836.53
Nanjing Tendering Cen er of Sinopec In erna ional Co., L d. (中國石化國際事業有限公司南京招標中心)	Sec ri deposi s	887,798.00	Wi hin 1 ear	6.81%	—
To al		10,710,453.41		82.16%	1,342,718.62

6) *Government grants receivable*
Nil

7) *Other receivables derecognised on transfer of financial assets*
As a 30 J ne 2023, he Compan had no o her recei ables derecognised on ransfer of financial asse s.

8) *Amount of assets or liabilities arising from transfer of other receivables with continuous involvement*
As a 30 J ne 2023, here ere no asse s or liabili ies arising from ransfer of o her recei ables i h con in o s in ol emen .

O her descrip ions:

As a 30 J ne 2023, he Gro p did no ha e an pledged o her recei ables.

7. *Inventories*

Sho ld he Compan compl i h he disclos re req iremen s for proper ind s r

No

(1) Ca egor of in en ories

Uni : RMB

I	B	A	B	Balance a he beginning of he period		
				Book balance	Allo ance for impairmen of in en ories or pro ision for de al a ion of cos s of con rac performance	Book al e
Ra ma erials	**220,725,159.86**	**7,804,048.11**	**212,921,111.75**	233,469,363.70	10,573,928.43	222,895,435.27
Work-in-progress	**96,766,356.24**	**1,977,171.40**	**94,789,184.84**	161,281,609.27	3,717,644.81	157,563,964.46
Goods in s ock	**209,567,555.59**	**8,829,268.73**	**200,738,286.86**	294,813,356.36	13,816,538.11	280,996,818.25
S b-con rac ing ma erials	**689,403.43**	**18.14**	**689,385.29**	8,860,690.86	99,064.44	8,761,626.42
To al	**527,748,475.12**	**18,610,506.38**	**509,137,968.74**	698,425,020.19	28,207,175.79	670,217,844.40

(2) Allo ance for impairmen of in en ories or pro ision for de al a ion of cos s of con rac performance

Uni : RMB

I		I		D		
Ra ma erials	10,573,928.43	2,748,137.60	0.00	5,518,017.92	0.00	7,804,048.11
Work-in-progress	3,717,644.81	1,057,200.45	0.00	2,797,673.86	0.00	1,977,171.40
Goods in s ock	13,816,538.11	2,121,920.43	0.00	7,109,189.81	0.00	8,829,268.73
S b-con rac ing ma erials	99,064.44	18.14	0.00	99,064.44	0.00	18.14
To al	28,207,175.79	5,927,276.62	0.00	15,523,946.03	0.00	18,610,506.38

No e: The Compan re ersed RMB7,392,423.22 and charged off RMB8,131,522.81 from he allo ance for impairmen of in en ories d ring he c rren period, respec i el .

Allowances for impairment of inventories

I		
Ra ma erials	The selling price of he prod c s formed b he prod c ion of he ma erials and	Ma erial req isi ion for prod c ion and price change
Work-in-progress	semi-finished prod c s min s he f r her processing cos s and rela ed	Ma erial req isi ion for prod c ion and price change
S b-con rac ing ma erials	sales e penses and rela ed e penses of a a ion	Ma erial req isi ion for prod c ion and price change
Finished prod c s	The selling price min s he selling e penses and rela ed e penses of a a ion	E ernal sales and price change

(3) E plana ion on period-end in en or balance con aining borro ing e pense capi alisa ion amo n

Nil

(4) Descrip ions of he amor ised amo n of cos of con rac performance for he period

Nil

8. *Other current assets*

Uni : RMB

I	[illegible]	Balance a he beginning of he period
Ded c ible inp a	**1,190,767.27**	2,031,673.75
Prepaid income a	**0.00**	763,203.68
In eres s recei able on accep ance deposi s	**2,598,189.86**	2,995,798.48
To al	**3,788,957.13**	5,790,675.91

9. *Long-term equity investments*

Uni : RMB

I	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I. Join Ven res	–	–	–	–	–	–	–	–	–	–	–
II. Associa es	–	–	–	–	–	–	–	–	–	–	–
Karama Yalong Pe role m Machiner Co., L d. (克拉瑪依亞龍石油機械有限公司)	1,857,463.06	–	–	–	–	–	–	–	–	1,857,463.06	–
S b- o al	1,857,463.06	–	–	–	–	–	–	–	–	1,857,463.06	–
To al	1,857,463.06	–	–	–	–	–	–	–	–	1,857,463.06	–

10. *Fixed assets*

Uni : RMB

I	[illegible]	Balance a he beginning of he period
Fi ed asse s	**1,904,405,618.29**	2,003,871,030.19
To al	**1,904,405,618.29**	2,003,871,030.19

(1) De ails of fi ed asse s

Uni : RMB

I	B		E		
I.					
1. Balance a he beginning of he period	955,098,433.28	3,289,376,152.99	115,619,226.02	15,097,423.29	4,375,191,235.58
2. Increased d ring he c rren period	—	28,097.35	56,117.18	—	84,214.53
(1) P rchases	—	28,097.35	56,117.18	—	84,214.53
(2) Transfer from cons r c ion-in-progress	—	—	—	—	—
(3) Addi ions from b siness combina ions	—	—	—	—	—
3. Decreased d ring he c rren period	451,300.00	9,757,367.05	376,088.19	684,710.38	11,269,465.62
(1) Disposals or re iremen s	451,300.00	9,757,367.05	376,088.19	684,710.38	11,269,465.62
4. Balance a he end of he period	954,647,133.28	3,279,646,883.29	115,299,255.01	14,412,712.91	4,364,005,984.49
II. A					
1. Balance a he beginning of he period	368,447,316.91	1,732,830,192.45	97,329,331.33	10,842,900.31	2,209,449,741.00
2. Increased d ring he c rren period	22,142,905.09	72,892,086.01	1,683,149.33	972,233.89	97,690,374.32
(1) Pro ision	22,142,905.09	72,892,086.01	1,683,149.33	972,233.89	97,690,374.32
3. Decreased d ring he c rren period	206,413.84	8,553,070.51	357,454.30	293,274.86	9,410,213.51
(1) Disposals or re iremen s	206,413.84	8,553,070.51	357,454.30	293,274.86	9,410,213.51
4. Balance a he end of he period	390,383,808.16	1,797,169,207.95	98,655,026.36	11,521,859.34	2,297,729,901.81
III. I					
1. Balance a he beginning of he period	5,891,798.82	155,977,815.57	850.00	—	161,870,464.39
2. Increased d ring he c rren period	—	—	—	—	—
(1) Pro ision	—	—	—	—	—
3. Decreased d ring he c rren period	—	—	—	—	—
(1) Disposals or re iremen s	—	—	—	—	—
4. Balance a he end of he period	5,891,798.82	155,977,815.57	850.00	—	161,870,464.39
IV. B					
1. Book al e a he end of he period	558,371,526.30	1,326,499,859.77	16,643,378.65	2,890,853.57	1,904,405,618.29
2. Book al e a he beginning of he period	580,759,317.55	1,400,568,144.97	18,289,044.69	4,254,522.98	2,003,871,030.19

(2) Temporaril idle fi ed asse s

Uni : RMB

I	C	A	I	B	
B ildings	245,168,033.89	126,124,382.67	5,521,798.82	113,521,852.40	—
Machiner	817,766,536.98	518,535,629.45	155,977,815.57	143,253,091.96	—
Vehicles	1,104,853.89	787,105.00	0.00	317,748.89	—
Elec ronics and o hers	45,553,842.20	42,319,537.90	850.00	3,233,454.30	—
To al	1,109,593,266.96	687,766,655.02	161,500,464.39	260,326,147.55	—

(3) Fi ed asse s i h incomple e proper o nership cer ifica e

Uni : RMB

I	B	
Workshop plan , office b ilding and s aff can een of Sho g ang Maolong	**206,458,263.13**	No e applied

O her descrip ions:

The Compan had no fi ed asse s leased o nder opera ing leases.

11. Construction-in-progress

Uni : RMB

I	B	Balance a he beginning of he period
Cons r c ion-in-progress	**6,323,500.82**	298,971.19
To al	**6,323,500.82**	298,971.19

(1) De ails of cons r c ion-in-progress

Uni : RMB

I	B		B	Balance a he beginning of he period		
				Book balance	Pro ision for impairmen	Book al e
O her miscellaneo s projec s	**6,323,500.82**		**6,323,500.82**	298,971.19	—	298,971.19
To al	**6,323,500.82**		**6,323,500.82**	298,971.19	—	298,971.19

(2) Pro ision for impairmen of cons r c ion-in-progress for he c rren period

No impairmen as pro ided for cons r c ion-in-progress as here ere no indica ion of impairmen of cons r c ion-in-progress a he end of he ear.

As for he Compan 's cons r c ion-in-progress a he end of he period, here is no res ric ion on o nership or se righ d e o mor gage, g aran ee or o her reasons.

12. *Intangible assets*

(1) De ails of in angible asse s

Uni : RMB

I						
I.						
	1. Balance a he beginning of he period	446,183,759.48	2,886,248.19	411,438,307.29	770,036.72	861,278,351.68
	2. Increased d ring he c rren period	—	—	—	—	—
	(1) Acq isi ions	—	—	—	—	—
	(2) In ernal research and de elopmen	—	—	—	—	—
	(3) Addi ions from b siness combina ions	—	—	—	—	—
	3. Decreased d ring he c rren period	—	—	—	—	—
	(1) Disposals	—	—	—	—	—
	4. Balance a he end of he period	446,183,759.48	2,886,248.19	411,438,307.29	770,036.72	861,278,351.68
II.	A					
	1. Balance a he beginning of he period	98,019,131.76	2,883,342.02	368,359,423.16	770,036.72	470,031,933.66
	2. Increased d ring he c rren period	5,250,019.85	2,906.17	1,851,355.56	—	7,104,281.58
	(1) Pro ision	5,250,019.85	2,906.17	1,851,355.56	—	7,104,281.58
	3. Decreased d ring he c rren period	—	—	—	—	—
	(1) Disposals	—	—	—	—	—
	4. Balance a he end of he period	103,269,151.61	2,886,248.19	370,210,778.72	770,036.72	477,136,215.24
III.						
	1. Balance a he beginning of he period	—	—	33,968,375.45	—	33,968,375.45
	2. Increased d ring he c rren period	—	—	—	—	—
	(1) Pro ision	—	—	—	—	—
	3. Decreased d ring he c rren period	—	—	—	—	—
	(1) Disposals	—	—	—	—	—
	4. Balance a he end of he period	—	—	33,968,375.45	—	33,968,375.45
I .	B					
	1. Book al e a he end of he period	342,914,607.87	—	7,259,153.12	—	350,173,760.99
	2. Book al e a he beginning of he period	348,164,627.72	2,906.17	9,110,508.68	—	357,278,042.57

The in angible asse s genera ed hro gh in ernal research and de elopmen acco n ed for 2.07% of he balance of in angible asse s as a he end of he period.

13. Development expenditures

Uni : RMB

(2) Deferred income a liabili ies before offse ing

Uni : RMB

I	B	D	Balance a he beginning of he period	
			Ta able emporar difference	Deferred income a liabili ies
Long- erm eq i in es men s	**15,237.52**	**3,809.38**	15,237.52	3,809.38
In angible asse s	**20,655,589.96**	**5,163,897.49**	21,052,491.64	5,263,122.91
To al	**20,670,827.48**	**5,167,706.87**	21,067,729.16	5,266,932.29

(3) Deferred income a asse s or liabili ies presen ed on a ne basis af er offse ing

Uni : RMB

I	B	Offse ing be een deferred income a asse s and liabili ies a he beginning of he period	Balance of deferred income a asse s or liabili ies af er offse ing a he beginning of he period
Deferred income a asse s	**24,551,419.33**	—	26,108,899.14
Deferred income a liabili ies	**5,167,706.87**	—	5,266,932.29

(4) Breakdo n of nrecognised deferred income a asse s

Uni : RMB

I	B	Balance a he beginning of he period
Ded c ible emporar differences	**248,738,408.73**	252,794,428.94
Ded c ible losses	**1,672,898,544.81**	1,528,225,292.56
To al	**1,921,636,953.54**	1,781,019,721.50

(5) Ded c ible losses of nrecognised deferred income a asse s e piring in he follo ing ears

Uni : RMB

	A	Amo n a he beginning of he period	
2023		52,476,863.76	—
2024	**218,933,559.95**	218,933,559.95	—
2025	**159,477,489.16**	159,477,912.85	—
2026	**305,316,162.29**	305,316,162.29	—
2027	**243,892,358.12**	243,894,908.95	—
2028	**110,413,729.12**	—	—
2029	**73,995,869.67**	73,995,869.67	—
2031	**273,110,646.67**	273,110,646.67	—
2032	**201,019,368.42**	201,019,368.42	—
2033	**86,739,361.41**	—	—
To al	**1,672,898,544.81**	1,528,225,292.56	—

15. Other non-current assets

Uni : RMB

	B			Balance a he beginning of he period		
I	B		B	Book balance	Pro ision for impairmen	Book al e
Prepa men s for eq ipmen	**750,000.00**		**750,000.00**	750,000.00	—	750,000.00
Prepa men for cons r c ion orks				378,107.60	—	378,107.60
To al	**750,000.00**		**750,000.00**	1,128,107.60	—	1,128,107.60

16. *Short-term borrowings*

(1) Ca egor of shor - erm borro ings

Uni : RMB

I	B	Balance a he beginning of he period
Pledged borro ings	**93,692,805.25**	136,876,184.90
Sec red borro ing	**261,879,175.00**	285,454,575.00
G aran eed borro ings	**1,025,320,402.78**	973,906,030.00
Credi borro ings	**80,000,000.00**	—
Borro ings for bills disco n ing and le ers of credi	**595,256,122.82**	566,700,000.00
To al	**2,056,148,505.85**	1,962,936,789.90

E plana ions abo he classifica ion of shor - erm borro ings:

De ails of he in eres ra e: In he firs half of 2023, he eigh ed a erage ann al in eres ra e for shor - erm borro ings of he Compan as 4.59% (2022: 4.80%).

(2) De ails of o s anding o erd e shor - erm borro ings

The Compan did no ha e an o s anding o erd e shor - erm borro ing as a he end of he period.

17. *Bills payable*

Uni : RMB

	B	Balance a he beginning of he period
Bank accep ance bills	**47,445,760.00**	64,855,401.04
To al	**47,445,760.00**	64,855,401.04

As a he end of he period, o al o s anding o erd e bills pa able amo n ed o RMB0.00.

18. *Accounts payable*

(1) Presen a ion of acco n s pa able

Uni : RMB

I	B	Balance a he beginning of he period
Amo n s d e o s ppliers	**509,925,689.87**	611,264,285.51
To al	**509,925,689.87**	611,264,285.51

(2) Ma erial acco n s pa able i h an age of more han one ear

Uni : RMB

I	B	
En i I	**10,564,198.19**	Se lemen condi ions nf lfilled
En i II	**7,288,167.33**	Se lemen condi ions nf lfilled
En i III	**5,333,245.98**	Se lemen condi ions nf lfilled
En i IV	**4,527,099.84**	Se lemen condi ions nf lfilled
En i V	**4,240,307.44**	Se lemen condi ions nf lfilled
To al	**31,953,018.78**	

O her descrip ions:

Presen a ion of acco n s pa able b age

An aging anal sis of acco n s pa able (incl ding amo n s d e from rela ed par ies) based on ransac ion da es is as follo s:

Uni : RMB

I	A	Amo n a he beginning of he period
Wi hin 2 mon hs	**87,753,396.11**	111,870,951.63
2 3 mon hs	**10,855,354.63**	19,643,615.92
3 4 mon hs	**12,948,161.96**	16,649,553.90
4 mon hs 1 ear	**144,770,289.30**	258,176,963.71
1 2 ears	**128,459,626.20**	86,956,033.94
2 3 ears	**40,942,131.29**	30,406,379.94
O er 3 ears	**84,196,730.38**	87,560,786.47
To al	**509,925,689.87**	611,264,285.51

19. *Contract liabilities*

Uni : RMB

I	B	Balance a he beginning of he period
Receip s in ad ance	**50,955,109.94**	107,582,152.10
To al	**50,955,109.94**	107,582,152.10

20. *Salaries payable*

(1) Presen a ion of salaries pa able

Uni : RMB

I	B	I	D	B
I. Shor - erm salaries	42,790,646.48	99,020,231.88	83,263,199.86	58,547,678.50
II. Pos -emplo men benefi s — defined con rib ion plans	—	15,944,901.34	15,784,574.87	160,326.47
To al	42,790,646.48	114,965,133.22	99,047,774.73	58,708,004.97

(2) Presen a ion of shor - erm salaries

Uni : RMB

I	B	I	D	B
1. Wages, bon ses, allo ances and s bsidies	21,441,817.09	82,641,548.32	68,321,412.61	35,761,952.80
2. S aff elfare	—	3,202,604.27	3,202,604.27	—
3. Social ins rances	—	9,015,875.99	8,938,818.16	77,057.83
Incl ding: Medical ins rance	—	7,850,143.25	7,787,105.87	63,037.38
Work inj r ins rance	—	1,165,732.74	1,151,712.29	14,020.45
4. Ho sing pro iden f nd	—	1,726,794.73	1,726,794.73	—
5. Union f nd and s aff ed ca ion f nd	21,348,829.39	2,433,408.57	1,073,570.09	22,708,667.87
To al	42,790,646.48	99,020,231.88	83,263,199.86	58,547,678.50

(3) Presen a ion of defined con rib ion plans

Uni : RMB

I	B	I	D	B
1. Basic pension ins rance	—	15,296,181.13	15,140,398.33	155,782.80
2. Unemplo men ins rance	—	648,720.21	644,176.54	4,543.67
To al	—	15,944,901.34	15,784,574.87	160,326.47

O her descrip ions:

The Compan par icipa es in social ins rance plans es ablished b go ernmen agencies as req ired. According o he plans, he Compan pa s premi ms o hese plans in accordance i h he rele an reg la ions of he local go ernmen . In addi ion o he abo e pa men of premi ms, he Compan no longer nder akes f r her pa men obliga ions. Af er he pa men of rele an premi ms, he Compan has no righ o ilise he abo e premi ms. The corresponding e pendi res are charged o he c rren profi or loss or rela ed asse cos hen inc rred.

Salaries pa ables of he Compan as a he end of he period incl ded accr ed ages, bon ses and allo ances of RMB35,761,952.80 in o al, hich ere e pec ed o be paid in he second half of 2023; s aff social ins rance pa ables of RMB77, 057.83 has been comple el paid as of he disclos re da e of his repor .

As a 30 J ne 2023, he Compan 's con rib ions o all planned pension ins rances and nemplo men ins rances of RMB160,326.47 ha e been made as of he disclos re da e of his repor .

For each of he o financial ears ended 30 J ne 2022 and 2023, he Compan did no ha e an forfei ed con rib ions (b emplo ers on behalf of emplo ees ho lea e he plans prior o f ll es ing in s ch con rib ions) nder defined con rib ion plans a ailable for he Compan o red ce he e is ing le el of con rib ions.

21. Taxes Payable

Uni : RMB

22. Other payables

Uni : RMB

I [illegible]	[illegible]	Balance a he beginning of he period
O her pa ables	**24,465,572.17**	36,765,356.32
To al	**24,465,572.17**	36,765,356.32

(1) O her pa ables

1) Presentation of other payables by payment nature

Uni : RMB

I [illegible]	[illegible]	Balance a he beginning of he period
Accr ed energ charges	**5,238,813.76**	17,118,272.96
Deposi s	**9,450,708.08**	10,462,118.48
Ren s	**7,874,614.22**	7,874,614.22
O hers	**1,901,436.11**	1,310,350.66
To al	**24,465,572.17**	36,765,356.32

2) Material other payables with an age of more than 1 year

As a he end of he period, he Gro p did no ha e an ma erial o her pa ables i h an age of more han 1 ear.

23. Non-current liabilities due within one year

Uni : RMB

I [illegible]	[illegible]	Balance a he beginning of he period
Long- erm borro ings d e i hin one ear		38,337,510.13
Long- erm pa ables d e i hin one ear	**49,329,277.41**	48,991,857.12
To al	**49,329,277.41**	87,329,367.25

24. *Other current liabilities*

Uni : RMB

I	Balance a he beginning of he period	Balance a he beginning of he period
Unma red endorsed rade accep ance bills	**18,329,654.32**	35,073,434.98
O p a o be ransferred	**6,551,714.88**	13,118,573.83
To al	**24,881,369.20**	48,192,008.81

25. *Long-term payables*

Uni : RMB

I	Balance a he beginning of he period	Balance a he beginning of he period
Long- erm pa ables	**41,160,600.38**	65,461,963.55
To al	**41,160,600.38**	65,461,963.55

(1) Presen a ion of long- erm pa ables b pa men na re

Uni : RMB

I	Balance a he beginning of he period	Balance a he beginning of he period
Leaseback financings	**41,160,600.38**	65,461,963.55
To al	**41,160,600.38**	65,461,963.55

O her descrip ions:

De ails of in eres ra e: he Compan 's long- erm pa ables carried an effec i e in eres ra e of 8.05% (8.05% in 2022) in he firs half of 2023.

Uni : RMB

I	A	Amo n a he beginning of he period
Leaseback financings	**90,489,877.79**	114,453,820.67
To al	**90,489,877.79**	114,453,820.67
The carr ing amo n s of he abo e borro ings are repa able:		
Wi hin one ear	**49,329,277.41**	48,991,857.12
Af er one ear from he balance shee da e b i hin o ears	**37,188,517.01**	45,607,380.20
Af er o ears from he balance shee da e b i hin fi e ears	**3,972,083.37**	19,854,583.35
Less: Amo n d e i hin one ear sho n nder c rren liabili ies	**49,329,277.41**	48,991,857.12
Amo n sho n nder non-c rren liabili ies	**41,160,600.38**	65,461,963.55

26. *Estimated liabilities*

Uni : RMB

I	B	B	C
Pending li iga ions	9,800,000.00	9,800,000.00	See Note XIV. 2
O hers	67,971,212.05	67,971,212.05	Estimated loss on claims of subsidiaries with excess losses
To al	77,771,212.05	77,771,212.05	—

27. *Deferred income*

Uni : RMB

I	B	I	D	B	C
Go ernmen gran s	6,756,829.50	—	—	6,756,829.50	Asse -rela ed go ernmen gran s.
To al	6,756,829.50	—	—	6,756,829.50	

Projec s in ol ing go ernmen gran s:

Uni : RMB

Gran s for ancillar infras r c re	6,433,240.86	–	–	–	–	–	6,433,240.86	Asse -rela ed
Gran s for defense basemen cons r c ion	323,588.64	–	–	–	–	–	323,588.64	Asse -rela ed
To al	6,756,829.50	–	–	–	–	–	6,756,829.50	

O her descrip ions:

No e 1: According o No ice on Finance of Sho g ang Molong Logis ic Compan Limi ed's S bsid F nds for Infras r c re (Shang hengfa [2016] No.3) iss ed b he People's go ernmen of Shangko To n, he Compan recei ed s bsid f nds for infras r c re of RMB6,954,855.00 on 24 Febr ar 2016, and recognised he go ernmen gran as he go ernmen gran rela ed o asse s.

No e 2: According o he Req es for re rn of preferen ial polic o he phase II projec of Weihai Baolong Special Pe role m Ma erials Co., L d. (Gao hengqing i [2018] No. 42) iss ed b he People's Go ernmen of Gaoc n To n, Weihai Baolong, a s bsidiar of he Compan , recei ed a gran of RMB719,085.90 for he cons r c ion of defense basemen on 25 Febr ar 2019. The compan recognised s ch go ernmen gran as an asse -rela ed go ernmen gran .

28. *Share capital*

Uni : RMB

To al n mber of shares	797,848,400.00	—	—	—	—	—	797,848,400.00

29. Capital Reserves

Uni : RMB

I	B	I	D	B
Capi al premi m (share capi al premi m)	849,481,990.92	—	—	849,481,990.92
O her capi al reser es	14,923,338.34	794,276.38	—	15,717,614.72
To al	864,405,329.26	794,276.38	—	865,199,605.64

O her descrip ions, incl ding he increase or decrease d ring he c rren period and he reason(s) for s ch changes:

Capi al reser es increased his ear are financial s bsidies pro ided b he Compan 's con rolling shareholders for free. According o rela ed reg la ions, he borro ing in eres s are confirmed as capi al reser es.

30. Other comprehensive income

Uni : RMB

I	B	A	L	L	A	L	I	A	A	B
II. O her comprehensi e income ha ill be reclassified o profi or loss	(3,029,259.75)	(669,582.15)	–	–	–	(602,623.93)	(66,958.22)	(3,631,883.68)
E change differences on ransla ion of foreign financial s a emen s	(3,029,259.75)	(669,582.15)	–	–	–	(602,623.93)	(66,958.22)	(3,631,883.68)
To al o her comprehensi e income	(3,029,259.75)	(669,582.15)	–	–	–	(602,623.93)	(66,958.22)	(3,631,883.68)

31. Special Reserve

Uni : RMB

I	B	I	D	B
Safe prod c ion fee	—	7,315,605.66	7,315,605.66	—
To al	—	7,315,605.66	7,315,605.66	—

O her descrip ions, incl ding he increase or decrease d ring he c rren period and he reason(s) for s ch changes:

The Compan pro ided for and ilised prod c ion safe fee in accordance i h he Meas res on he Wi hholding and Usage of Safe Prod c ion Fee of En erprises (企業安全生產費用提取和使用管理辦法) (Cai Qi [2022] No.136) join l iss ed b he Minis r of Finance and he S a e Adminis ra ion of Work Safe .

32. Surplus Reserve

Uni : RMB

I	B	I	D	B
S a or s rpl s reser e	187,753,923.88	—	—	187,753,923.88
To al	187,753,923.88	—	—	187,753,923.88

33. Undistributed profits

Uni : RMB

I	C	Las period
Undis rib ed profi s a he end of he prior period before adj s men s	**(859,017,550.51)**	(434,047,824.92)
Undis rib ed profi s a he beginning of he period af er adj s men s	**(859,017,550.51)**	(434,047,824.92)
Add: Ne profi a rib able o o ners of he paren compan for he period	**(158,242,397.13)**	(172,717,715.72)
Undis rib ed profi s a he end of he period	**(1,017,259,947.64)**	(606,765,540.64)

Breakdo n of adj s men s o ndis rib ed profi s as a he beginning of he period:

1). The effec of he re rospec i e adj s men s according o ASBE and heir ne rela ed req iremen s on he ndis rib ed profi s as a he beginning of he period amo n ed o RMB0.00.

2). The effec of he changes in acco n ing policies on he ndis rib ed profi s as a he beginning of he period amo n ed o RMB0.00.

3). The effec of correc ions of significan acco n ing errors on he ndis rib ed profi s as a he beginning of he period amo n ed o RMB0.00.

4). The effec of he change of he scope of combina ion nder common con rol on he ndis rib ed profi s as a he beginning of he period amo n ed o RMB0.00.

5). The effec of o her adj s men s on he ndis rib ed profi s as a he beginning of he period amo n ed o RMB0.00.

34. Minority interests

Minori in eres s a rib able o minori shareholders of each s bsidiar

Uni : RMB

	(%)		
Sho g ang Baolong	30	(83,340,973.62)	(77,363,803.78)
MPM	10	(24,857.14)	(243,830.86)
To al	—	(83,365,830.76)	(77,607,634.64)

35. Operating revenue and operating costs

Uni : RMB

I	A	C	Amo n for he las period Re en e	Cos s
Principal opera ions	**774,515,255.89**	**721,967,610.83**	1,510,822,002.24	1,468,395,267.79
O her opera ions	**23,903,759.21**	**23,546,903.16**	60,119,939.41	48,843,734.00
To al	**798,419,015.10**	**745,514,513.99**	1,570,941,941.65	1,517,239,001.79

Informa ion on re en e:

Uni : RMB

C						
T pe of goods	—	—	—	—	—	—
Incl ding:						
Pipe prod c s	716,389,280.84	—	—	—	—	716,389,280.84
Three kinds of p mping ni s	—	14,110,813.66	—	—	—	14,110,813.66
Pe role m machiner par s	—	—	14,807,795.88	—	—	14,807,795.88
Cas ings and forgings	—	—	—	14,860,414.01	—	14,860,414.01
O hers	—	—	—	—	38,250,710.71	38,250,710.71
B b siness loca ion						
Incl ding:						
China	575,660,124.99	8,262,062.28	1,070,194.70	14,860,414.01	35,915,943.54	635,768,739.52
O side China	140,729,155.85	5,848,751.38	13,737,601.18	—	2,334,767.17	162,650,275.58
Marke or pe of c s omers						
Incl ding:						
T pe of con rac s						
Incl ding:						
Re en e recognised a a poin in ime	716,389,280.84	14,110,813.66	14,807,795.88	14,860,414.01	38,250,710.71	798,419,015.10
To al	716,389,280.84	14,110,813.66	14,807,795.88	14,860,414.01	38,250,710.71	798,419,015.10

Informa ion on performance obliga ions:

The Compan as primar obligor sa isfies i s obliga ions of s ppl ing prod c s o c s omers in a imel manner b reference o he ca egor , s andard and ime req es ed b he c s omers in accordance i h he pro isions of he con rac s. There are differen pa men s erms for differen c s omers and differen prod c s: domes ic c s omers of pipes are normall s bjec o pa men in ad ance of deli er , and domes ic c s omers of oil casing are normall s bjec o pa men erms of 3-6 mon hs af er in oicing for acco n se lemen . As o e por b siness, pa men erms are mainl pa men pfron . As o oil casing prod c s, mos of he c s omers are s bjec o pa men in ad ance, nder hich c s omers are o make f ll pa men before deli er of prod c s. As o pe role m machiner par s, he credi erm is normall 2 mon hs.

Informa ion on ransac ion price alloca ed o remaining performance obliga ions:

The corresponding re en e from performance obliga ions ha ha e been con rac ed b no e performed or comple ed amo n ed o RMB565 million as a he end of he repor ing period, RMB565 million of hich ere e pec ed o be recognised as re en e in 2023.

36. Taxes and surcharges

Uni : RMB

I	A	Amo n for he las period
Urban main enance and cons r c ion a	**2,251,470.42**	856,143.61
Ed ca ion s rcharge	**969,370.21**	609,894.36
Reso rces a	**185,169.00**	—
Proper a	**1,868,998.80**	1,868,998.80
Land se a	**2,198,928.80**	1,738,628.40
Vehicle and essel se a	**9,405.90**	8,985.90
S amp d	**738,454.74**	1,647,482.14
Local a er reso rce f nd	**0.00**	0.00
O her a es	**654,842.34**	404,860.80
To al	**8,876,640.21**	7,134,994.01

37. Selling expenses

Uni : RMB

I	A	Amo n for he las period
Emplo ee compensa ions	**5,667,475.40**	4,755,247.44
Agenc fees	**981,055.72**	50,523.23
Deprecia ion charges	**107,669.15**	117,004.48
Tra elling e penses	**309,977.92**	203,512.33
En er ainmen e penses	**1,212,647.65**	1,317,534.91
Transpor e penses	**86,981.27**	—
Office e penses	**203,097.80**	141,660.00
O hers	**1,130,248.42**	539,328.45
To al	**9,699,153.33**	7,124,810.84

38. Administrative expenses

Uni : RMB

I	A	Amo n for he las period
Amor isa ion of in angible asse s	**4,928,014.63**	5,268,253.55
Deprecia ion charges	**63,091,581.29**	46,019,803.24
Emplo ee compensa ions	**40,291,548.48**	48,119,060.92
Tra elling e penses	**434,985.15**	381,959.62
Machiner ma erial cons mables	**1,049,781.56**	8,624,437.78
En er ainmen e penses	**1,482,147.92**	1,868,752.56
Board of direc ors' e penses	**787,901.42**	707,975.29
U ili ies	**6,233,464.13**	5,123,671.96
Commissions	**4,891,968.88**	2,584,096.45
Repair charges	**1,197,102.64**	10,118,951.22
O hers	**11,468,222.23**	7,371,222.23
To al	**135,856,718.33**	136,188,184.82

39. Research and development expenditures

Uni : RMB

I	A	Amo n for he las period
Research and de elopmen of ne prod c s d ring he c rren ear	**13,657,003.29**	21,805,959.56
Amor isa ion of non-pa en ed echnolog for he c rren ear	**1,851,355.56**	3,298,509.96
To al	**15,508,358.85**	25,104,469.52

O her descrip ions:

No e: As for he sage of ne prod c R&D of c rren ear, please see No e VII. 13.

40. Finance costs

Uni : RMB

I	A	Amo n for he las period
In eres e penses	**47,431,215.06**	58,378,820.98
In eres income	**(2,911,129.74)**	(3,752,773.33)
Foreign e change losses	**(2,133,951.94)**	(3,432,565.42)
O her e penses	**1,232,790.19**	2,844,144.00
To al	**43,618,923.57**	54,037,626.23

41. Other income

Uni : RMB

[illegible]	A[illegible] [illegible] [illegible]	Amo n for he las period
Work-based raining s bsidies		
O hers	**132,723.59**	49,128.67
To al	**132,723.59**	49,128.67

42. Credit impairment losses

Uni : RMB

I [illegible]	A[illegible] [illegible] [illegible]	Amo n for he las period
Loss on bad deb s of o her recei ables	**(440,434.82)**	(86,169.72)
Loss on bad deb s of acco n s recei able	**(2,799,943.61)**	4,843,687.17
Loss on bad deb s of bills recei able	**1,124,798.77**	1,074,148.13
To al	**(2,115,579.66)**	5,831,665.58

43. Assets impairment losses

Uni : RMB

I [illegible]	A[illegible] [illegible] [illegible]	Amo n for he las period
II. Loss on in en or al a ion and loss on con rac performance cos s impairmen	**(1,465,146.60)**	(15,000,113.67)
To al	**(1,465,146.60)**	(15,000,113.67)

44. Gain on disposal of assets

Uni : RMB

[illegible]	A[illegible] [illegible] [illegible]	Amo n for he las period
Gains on disposal of fi ed asse s	**325,712.98**	0.00
To al	**325,712.98**	0.00

45. Non-operating Income

Uni : RMB

I	A	Amo n for he las period	A
O hers	2,044,943.45	4,960,223.84	2,044,943.45
To al	2,044,943.45	4,960,223.84	2,044,943.45

46. Non-operating expenses

Uni : RMB

I	A	Amo n for he las period	A
Dona ions o e ernal par ies	230,000.00	100,000.00	230,000.00
Loss on scrapping and re iremen of non-c rren asse s	495,310.90	252,500.84	495,310.90
Es ima ed liabili ies	—	—	—
O hers	17,430.32	708,728.14	17,430.32
To al	742,741.22	1,061,228.98	742,741.22

47. Income tax expenses

(1) Lis of income a e penses

Uni : RMB

I	A	Amo n for he las period
Deferred income a e penses	**1,458,254.39**	2,063,592.49
To al	**1,458,254.39**	2,063,592.49

(2) Reconcilia ions be een acco n ing profi and income a e penses

Uni : RMB

I	A
To al profi	(162,475,380.64)
Income a e penses calc la ed a s a or /applicable a ra e	(24,371,307.10)
Effec of differen a ra es applicable o s bsidiaries	(11,423,742.81)
Effec of non-ded c ible cos s, e penses and loss	3,597,567.14
Effec of ilisa ion of pre io sl nrecognised ded c ible loss on deferred income a asse s	743.63
Effec of ded c ible emporar differences or ded c ible losses on deferred income a asse s nrecognised in he period	38,525,851.87
Effec of addi ions and ded c ions in research and de elopmen e pendi res	(4,870,858.34)
Income a e penses	1,458,254.39

48. *Other comprehensive income*

Refer o No e VII.30 for de ails.

49. *Statement of cash flows line items*

(1) O her cash recei ed rela ing o opera ing ac i i ies

Uni : RMB

I	A	Amo n for he las period
Go ernmen gran s	**132,723.59**	49,128.67
In eres income	**2,908,360.86**	3,755,558.59
Decrease in sec ri deposi s	**1,835,160.71**	5,981,320.75
Ref nd of al e-added a credi s		56,579,388.65
O hers	**1,602,799.67**	5,164,109.37
To al	**6,479,044.83**	71,529,506.03

(2) O her cash paid rela ing o opera ing ac i i ies

Uni : RMB

I	A	Amo n for he las period
E pendi res for research and de elopmen of ne prod c s	**8,572,105.83**	15,768,813.14
Cons mables	**1,049,781.56**	8,766,097.78
Agenc fees		—
Tra elling e penses	**434,985.15**	585,471.95
Commissions	**4,891,968.88**	3,342,594.97
Repair charges	**1,197,102.64**	10,118,951.22
U ili ies	**6,233,464.13**	5,123,671.96
En er ainmen e penses	**1,482,147.92**	3,186,287.47
Handling charges b financial ins i ions	**1,242,185.83**	2,844,144.00
Increase in fro en bank deposi s	**5,196,603.81**	1,910,817.80
Compensa ions for in es ors' claims		3,667,304.14
O hers	**32,089,479.27**	26,050,977.06
To al	**62,389,825.02**	81,365,131.49

(3) O her cash rece i ed rela ing o financing ac i i ies

Uni : RMB

I	A	Amo n for he las period
Decrease in financing margins	**32,048,500.00**	—
To al	**32,048,500.00**	—

(4) O her cash paid rela ing o financing ac i i ies

Uni : RMB

I	A	Amo n for he las period
Increase in financing margins		268,358,500.00
To al		268,358,500.00

50.

(2) Composi ion of cash and cash eq i alen s

Uni : RMB

I	[illegible]	Balance a he beginning of he period
I. Cash	**372,832,699.67**	358,672,243.57
Incl ding: Cash on hand	**209,646.21**	40,394.74
Bank deposi s readil a ailable for pa men s	**19,497,376.84**	212,528,645.34
O her mone ar f nds readil a ailable for pa men s	**353,125,676.62**	146,103,203.49
III. Balance of cash and cash eq i alen s a he end of he period	**372,832,699.67**	358,672,243.57

O her descrip ions:

A he end of he period, he Compan had sec ri deposi s for bank accep ance bills i h ma ri da e o er 3 mon hs of RMB72,910,000.00.

As a 30 J ne 2023, he Compan had balances of mone ar f nds of RMB453,841,221.77, hich as incl ded in he s a emen of cash flo s nder he balance of cash a he end of he period amo n ing o RMB372,832,699.67. The difference as he sec ri deposi s for bank accep ance bills d e o er 3 mon hs of RMB72,910,000.00 and he fro en bank deposi s of RMB8,098,522.10 d e o li iga ions. As i is res ric ed for se, i as no acco n ed for as cash and cash eq i alen s.

51. Assets with ownership or right to use restrictions

Uni : RMB

I	[illegible]	[illegible]
Mone ar f nds	**433,131,291.60**	Sec ri deposi s and fro en for li iga ion
Bills recei able	**7,558,071.96**	Pledge of bills
Fi ed asse s	**342,981,934.52**	Charge for borro ings
In angible asse s	**195,998,183.84**	Charge for borro ings/ sei re
Acco n s recei able	**23,004,870.47**	Fac oring financing
To al	**1,002,674,352.39**	

52. *Foreign currency monetary items*

(1) Foreign c rrenc mone ar i ems

Uni : RMB

I	[illegible]	[illegible]	[illegible]
Mone ar f nds	—	—	7,976,355.36
Incl ding: USD	1,103,869.54	7.2258	7,976,340.52
EUR	0.71	7.8771	5.59
HKD	10.03	0.92198	9.25
Acco n s recei able	—	—	128,763,873.89
Incl ding: USD	17,621,500.87	7.2258	127,329,440.99
EUR	182,101.65	7.8771	1,434,432.91
HKD	—	—	—
Long- erm borro ings	—	—	—
Incl ding: USD	—	—	—
EUR	—	—	—
HKD	—	—	—
Acco n s pa ables	—	—	9,594,465.44
Incl ding: USD	1,327,806.67	7.2258	9,594,465.44
Con rac liabili ies	—	—	8,596,790.63
Incl ding: USD	1,189,735.48	7.2258	8,596,790.63

(2) Informa ion on foreign opera ing en i ies incl ding (in case of major foreign opera ing en i ies) he disclos res of heir o erseas principal place of b siness, repor ing c rrenc and basis for selec ion, and reasons for changes of he repor ing c rrenc .

✓ Applicable No applicable

MPM, a con rolled s bsidiar of he Compan (ha ing 90% of i s shareholdings and o ing righ s) is domiciled and principall opera ed in Hong Kong and i s repor ing c rrenc is USD.

53. Government grants

(1) General informa ion of go ernmen gran s

Uni : RMB

	A		A
In en ion pa en s f nds and cross-border e-commerce s bsidies	97,900.00	O her income	97,900.00
Ref nd of handling fees for i hholding indi id al income a	34,823.59	O her income	34,823.59
To al	132,723.59		132,723.59

(2) Ref nd of go ernmen gran s

Applicable ✓ No applicable

O her descrip ions:

The Compan did no ref nd an go ernmen gran s d ring he period.

III. C

1. Changes in scope of consolidation due to other reasons

Specif he changes in scope of consolida ion d e o o her reasons (e.g. es ablishmen of ne s bsidiaries, liq ida ion of s bsidiaries) and i s de ails:

Nil

I. I

1. *Interests in subsidiaries*

(1) S r c re of he b siness gro p

			B				D I		
MPM	Hong Kong, China	Hong Kong, China	Trading	USD100 en ho sand	Limi ed compan	90.00%	0.00%	For-profi corpora ion	B siness combina ion nder ncommon con rol
Sho g ang Maolong	Sho g ang, China	Sho g ang, China	Man fac ring	RMB71,238 en ho sand	Limi ed compan	100.00%	0.00%	For-profi corpora ion	B siness combina ion nder ncommon con rol
Molong Elec romechanical	Sho g ang, China	Sho g ang, China	Man fac ring	USD100 en ho sand	Limi ed compan	0.00%	100.00%	For-profi corpora ion	B siness combina ion nder ncommon con rol
Sho g ang Baolong	Sho g ang, China	Sho g ang, China	Man fac ring	RMB15,000 en ho sand	Limi ed compan	70.00%	0.00%	For-profi corpora ion	Es ablishmen b in es men
Weihai Baolong	Weihai, China	Weihai, China	Man fac ring	RMB2,600 en ho sand	Limi ed compan	61.54%	38.46%	For-profi corpora ion	B siness combina ion nder ncommon con rol
Molong Logis ic	Sho g ang, China	Sho g ang, China	Ser ices	RMB300 en ho sand	Limi ed compan	100.00%	0.00%	For-profi corpora ion	Es ablishmen b in es men
Molong I&E	Sho g ang, China	Sho g ang, China	Impor and e por	RMB1,000 en ho sand	Limi ed compan	100.00%	0.00%	For-profi corpora ion	Es ablishmen b in es men
Molong Commercial	Sho g ang, China	Sho g ang, China	Trading	RMB1,000 en ho sand	Limi ed compan	100.00%	0.00%	For-profi corpora ion	Es ablishmen b in es men

(2) Significan non- holl o ned s bsidiar

Uni : RMB

			D	B
Sho g ang Baolong	30.00%	(5,977,169.84)	—	(83,340,973.62)
To al		(5,977,169.84)	—	(83,340,973.62)

E plana ion ha he shareholding ra io of minori shareholders of s bsidiaries is differen from he o ing righ ra io:

O her descrip ions:

(3) Ke financial informa ion of significan non- holl o ned s bsidiar

Uni : RMB

								Balance a he beginning of he period				
	C		B	C			C rren asse s	Non-c rren asse s	To al asse s	C rren liabili ies	Non-c rren liabili ies	To al liabili ies
Sho g ang Baolong	**22,551,395.20**	**271,479,097.84**	**294,030,493.04**	**561,064,613.40**	**9,800,000.00**	**570,864,613.40**	36,252,807.87	287,139,488.91	323,392,296.78	566,372,249.15	9,800,000.00	576,172,249.15

Uni : RMB

						Amo n for he las period			
		A		C	Opera ing re en e	Ne profi	To al comprehensi e income	Cash flo s from opera ing ac i i ies
Shouguang Baolong	**16,769,187.92**	**(24,054,167.99)**	**(24,054,167.99)**	**(3,262.39**)	473,692,199.72	(95,157,997.10)	(95,157,997.10)	(1,473,916.90)

(4) Major res ric ions on he se of asse s and se lemen of deb s of he b siness gro p

The Compan has no major res ric ions on he se of asse s and se lemen of he en erprise gro p.

(5) Pro ision of financial or o her s ppor for s r c red en i ha is consolida ed in o he consolida ed financial s a emen s

The Compan has no pro ision of financial or o her s ppor for s r c red en i ha is consolida ed in o he consolida ed financial s a emen s.

(6) O her descrip ions:

As a 30 J ne 2023, none of he Compan 's s bsidiaries iss ed an share capi al or deb sec ri ies.

2. *Interests in joint arrangements or associates*

(1) S mmarised financial informa ion of insignifican join en res or associa es

Uni : RMB

	[illegible] /A	Balance a he beginning of he period/Amo n for he las period
Join en res:		
To al amo n of he follo ing i ems based on percen age of shareholdings	,	—
Associa es:		
Gross carr ing amo n of in es men s	**1,857,463.06**	1,857,463.06
To al amo n of he follo ing i ems based on percen age of shareholdings	,	—
— Ne profi	**(216,238.68)**	(287,370.63)

(2) Significan res ric ions on he abili of join en res or associa es o ransfer f nds o he Compan

There ere no significan res ric ions on he abili of associa es o ransfer f nds o he Compan .

(3) E cessi e losses inc rred b join en res or associa es

None of he associa es inc rred an e cessi e losses.

(4) Unrecognised commi men s associa ed i h in es men in join en res

The Compan had no nrecognised commi men s associa ed i h in es men in join en res.

(5) Con ingen liabili ies associa ed i h in es men in join en res or associa es

The Compan had no con ingen liabili ies associa ed i h in es men in join en res.

3. *Interest in structured entities not consolidated in the consolidated financial statements*

Descrip ion of s r c red en i ies no incl ded in he scope of consolida ed financial s a emen s:

The Compan had no s r c red en i ies no consolida ed in he consolida ed financial s a emen s.

The Compan 's major financial ins r men s incl de borro ings, acco n s recei able, acco n s pa able and o hers. De ailed informa ion abo hese financial ins r men s are se o in his no e VII. The risks associa ed i h hese financial ins r men s and he risk managemen policies adop ed b he Compan o mi iga e s ch risks are described belo . Managemen of he Compan manages and moni ors hese risk e pos res o ens re s ch risks are con ained i hin a prescribed scope.

1. Objectives and policies of risk management

The Compan engages in risk managemen i h he aim of achie ing an appropria e balance be een risk and re en e, here he nega i e effec s of risks agains he Compan 's opera ing res l s are minimised, i h a ie o ma imise he benefi s of shareholders and o her s akeholders. Based on s ch objec i e of risk managemen , he nderl ing s ra eg of he Compan 's risk managemen is o ascer ain and anal se all pes of risks e pos res of he Compan , es ablish appropria e risk olerance hresholds, carr o risk managemen proced res and perform risk moni oring on all kinds of risks in a imel and reliable manner, h s con aining risk e pos res i hin a prescribed scope.

(1) Marke risks

1) Foreign exchange risk

Foreign e change risk represen s risks of loss inc rred as a res l of changes in e change ra e. The Compan is mainl e posed o foreign e change risks in connec ion i h USD, HKD and EUR, e cep for he paren compan and i s s bsidiaries MPM of he Compan hich en ered p rchases and sales in USD, EUR and HKD, o her principal opera ing ac i i ies of he Compan are se led in RMB. As a 30 J ne 2023, e cep for he USD balances in asse s and liabili ies, odd monies in EUR and HKD balances as se o belo , all balances of asse s and liabili ies of he Compan ere denomina ed in RMB. The foreign e change risk arising from hese asse s and liabili ies in USD balances ma affec he opera ing res l s of he Compan .

Uni : RMB

I	**30 J 2023**	31 December 2022
Mone ar f nds — USD	**7,976,340.52**	151,706,785.93
Mone ar f nds — EUR	**5.59**	16,321,897.63
Mone ar f nds — HKD	**9.25**	8.96
Acco n s recei able — USD	**127,329,440.99**	79,476,262.12
Acco n s recei able — EUR	**1,434,432.91**	998,067.10
Acco n s pa able — USD	**9,594,465.44**	18,283,104.23
Con rac liabili ies — USD	**8,596,790.63**	24,954,961.61
Con rac liabili ies — EUR		1,915,108.20

The Compan closel moni ors he effec of changes in foreign e change ra es on he Compan .

The Compan has al a s placed i s concern on he research of foreign e change risk managemen policies and s ra egies. I main ains close co-opera ion i h financial ins i ions engaging in foreign e change b siness, and arranges fa o rable se lemen erms in con rac s o red ce foreign e change risk. Mean hile, i h he con in o s increase in he propor ion of in erna ional marke , if risks be ond he con rol of he Compan , s ch as he apprecia ion of RMB, he Compan ill mi iga e s ch risk ia s i able adj s men of sales s ra egies.

2) *Interest rate risk*

In eres ra e risk refers o he risk ha he fair al e or f re cash flo of a financial ins r men ill fl c a e beca se of he changes in marke in eres ra e. The Compan 's in eres ra e risk arises from in eres -bearing liabili ies, s ch as borro ings from financial ins i ions. Financial liabili ies iss ed a floa ing ra e e pose he Compan o cash flo in eres ra e risk. Financial liabili ies iss ed a fi ed ra e e pose he Compan o fair al e in eres ra e risk. The Compan de ermines he rela i e propor ions of i s fi ed ra e and floa ing ra e con rac s depending on he pre ailing marke condi ions. As a 30 J ne 2023, he Compan 's in eres -bearing liabili ies ere mainl floa ing-ra e loan con rac s denomina ed in RMB amo n ing o RMB444,500,000.00 (31 December 2022: RMB196,600,000.00) and fi ed-ra e loan con rac s denomina ed in RMB and USD amo n ing o RMB1,699,190,527.20 (31 December 2022: RMB1,918,722,351.80).

The Compan 's risk of changes in fair al e of financial ins r men s res l ed from he changes in in eres ra es as mainl associa ed i h fi ed-ra e bank loans. The Compan aims a main aining hese fi ed-ra e bank loans a floa ing ra es.

The Compan 's risk of changes in cash flo of financial ins r men s res l ed from he changes in in eres ra es as mainl associa ed i h floa ing-ra e bank loans. The Compan 's polic is o main ain hese loans a floa ing ra es, so as o elimina e fair al e risks arising from changes in in eres ra e.

The Compan designs ra ionall credi lines, ario s credi pes and he erm of credi lines hro gh he es ablishmen of good rela ions be een banks and en erprise o ens re s fficien bank line of credi and mee he Compan 's ario s pes of needs for shor - erm financing. Mean hile, he Compan red ce ra ionall risk of in eres ra e fl c a ions b shor ening he d ra ion of a single borro ing and special agreemen on earl repa men erms.

3) *Price risk*

The Compan sells s eel prod c s a marke prices. Therefore, i is lnerable o he fl c a ion of hese price.

(2) Credi risk

As a 30 J ne 2023, he ma im m credi risk e pos re ha ma ca se financial loss o he Compan mainl deri ed from he loss on financial asse s of he Compan d e o he fail re of performing obliga ions b con rac co n erpar ies. Specificall :

The book al e of he financial asse hich has been recognised in he consolida ed balance shee ; in respec of financial ins r men s ha are meas red b fair al e, he book al e reflec s i s risk e pos re, b no i s bigges risk e pos re, he bigges risk e pos re ill change as he f re fair al e changes.

In order o minimise he credi risk, he Compan cond c s a re ie on he de ermina ion and appro al of credi limi s, and carries o o her moni oring proced res o ens re ha follo - p ac ion is aken o reco er o erd e deb s. In addi ion, he Compan re ie s he reco erable amo n of each indi id al rade deb a each balance shee da e o ens re ha adeq a e impairmen losses are made for irreco erable amo n s. In his regard, he managemen of he Compan considers ha he Compan 's credi risk is significan l red ced.

The Compan main ains i s orking capi al i h rep able banks. Therefore, he credi risk for s ch is minimal.

The Compan has adop ed necessar policies o ens re ha all he rade c s omers ha e good credi his or . Apar from he op fi e acco n s recei able, he Compan has no o her significan concen ra ion of credi risk.

To al amo n of op 5 acco n recei ables: RMB392,071,890.44.

(3) Liq idi risk

Liq idi risk is he Compan 's impossibili o perform i s financial obliga ions af er he ma ri da e. In he managemen of he liq idi risk, he Compan moni ors and main ains a le el of orking capi al deemed adeq a e b he managemen o perform he Compan 's obliga ions, h s ill no ca se loss or damage o he rep a ion of he Compan . Moreo er, he Compan anal ses i s deb s r c re and deadline reg larl and main ains s fficien f nd. The managemen moni ors he ilisa ion of bank borro ings and ens res compliance i h loan co enan s. Mean hile, he managemen keeps in o ch i h financial ins i ions and makes cons l a ions on financing iss es, o main ain eno gh credi limi s and mi iga e liq idi risk.

The Compan considers borro ings from financial ins i ions as a main so rce of f nds. As a 30 J ne 2023, he Compan had n ilised credi facili ies pro ided b financial ins i ions of RMB459,000,000.00 (31 December 2022: RMB438,000,000.00), of hich he n ilised shor - erm borro ings of he Compan amo n ed o RMB135,000,000.00 (31 December 2022: RMB402,000,000.00). Anal sis of he financial asse s and financial liabili ies held b he Compan based on he ma ri of ndisco n ed remaining con rac al obliga ions is as follo s:

Amo n a 30 J ne 2023:

Uni : RMB

I	1	1 2	2 5	5	
Financial asse s					
Mone ar f nds	453,841,221.77	—	—	—	453,841,221.77
Bills recei able	60,192,674.87	—	—	—	60,192,674.87
Acco n s recei able	364,398,811.59	—	—	—	364,398,811.59
Financing recei ables	16,486,581.33	—	—	—	16,486,581.33
O her recei ables	11,113,319.94	—	—	—	11,113,319.94
Financial liabili ies					
Shor - erm borro ings	2,056,148,505.85	—	—	—	2,056,148,505.85
Bills pa able	47,445,760.00	—	—	—	47,445,760.00
Acco n s pa able	509,925,689.87	—	—	—	509,925,689.87
O her pa ables	24,465,572.17	—	—	—	24,465,572.17
Non-c rren liabili ies					
d e i hin one ear	49,329,277.41	—	—	—	49,329,277.41
O her c rren liabili ies	24,881,369.20	—	—	—	24,881,369.20
Long- erm pa ables	—	37,188,517.01	3,972,083.37	—	41,160,600.38

2. *Sensitivity analysis*

The Compan applies sensi i i o anal se he ra ionali of echnical risk ariables and he effec s of possible changes on profi and loss or shareholders' eq i . As an risk ariable seldom aries, and correla ion among ariables ill pla a major role in he l ima e amo n of a special risk ariable. Therefore, he follo ings are carr ing o on he ass med condi ion ha each ariable change independen l .

(1) Sensi i i anal sis of foreign e change

The ass mp ion for anal sing sensi i i o foreign e change risk: all hedges of ne in es men in foreign opera ions and cash flo hedges are highl effec i e.

Based on he abo e ass mp ion, i h all o her ariables held cons an , he pos - a effec s of possible reasonable changes in e change ra es on profi and loss and eq i for he c rren period are se o belo :

Uni : RMB

		30 J 2023		2022	
				Impac on ne profi	Impac on o ners' eq i
All foreign c rrencies	5% apprecia ion agains RMB	**5,038,057.87**	**5,038,057.87**	6,895,808.83	6,895,808.83
All foreign c rrencies	5% deprecia ion agains RMB	**(5,038,057.87)**	**(5,038,057.87)**	(6,895,808.83)	(6,895,808.83)

(2) Sensi i i anal sis of in eres ra e risk

Sensi i i anal sis of in eres ra e risk is based on he follo ing ass mp ions:

Changes in marke in eres ra e affec he in eres income or e pense of financial ins r men s a ariable in eres ra e;

For fi ed ra e financial ins r men s meas red a fair al e, he changes in marke in eres ra es onl affec i s in eres income or e penses;

The changes in fair al e of deri a i e financial ins r men and o her financial asse s and liabili ies ere calc la ed b he disco n ed cash flo me hod i h he marke in eres ra e a he balance shee da e.

Based on he abo e ass mp ions, on he basis ha all o her ariables are held cons an , he effec of reasonable changes in in eres ra e ha ma arise on he profi and loss and eq i for he period af er a are se o belo :

Uni : RMB

		30 J 2023		2022	
				Impac on ne profi	Impac on o ners' eq i
Variable-ra e borro ings	1% increase	**(1,413,941.30)**	**(1,413,941.30)**	(1,066,537.50)	(1,066,537.50)
Variable-ra e borro ings	1% decrease	**1,413,941.30**	**1,413,941.30**	1,066,537.50	1,066,537.50

I. F

1. Others

As a 30 J ne 2023, he Compan 's financing recei ables ere meas red a fair al e. As he rela ed bank accep ance bills had shor ma ri ies, he difference be een heir fair al e and carr ing amo n as minimal.

The Compan 's financial asse s and liabili ies no meas red a fair al e mainl incl ded: acco n s recei able, shor - erm borro ings, acco n s pa able and long- erm borro ings. The difference be een he book al e and fair al e of financial asse s and liabili ies no meas red a fair al e as imma erial.

II.

1. Parent company of the Company

E plana ion of he paren compan of he en erprise

The l ima e con roller of he Compan is S a e-o ned Asse s S per ision and Adminis ra ion B rea of Sho g ang Ci .

O her descrip ions:

The con rolling shareholder of he Compan is Molong Holdings (墨龍控股) ho holds 235,617,000 A shares of he Compan , represen ing 29.53% of he o al share capi al of he Compan . The ac al con roller of he Compan is he Sho g ang S a e-o ned Asse s B rea .

2. Subsidiaries of the Company

Par ic lars of s bsidiaries of he Compan are se o in No e IX.1.

3. Joint ventures and associates of the Company

De ails of he significan join en res or associa es of he Compan are se o in No e IX.3.

The follo ing join en res or associa es en ered in o rela ed par ransac ions i h he Compan d ring he c rren period or had balances of rela ed par ransac ions i h he Compan from he prior period :

			C
Karama Yalong Pe role m Machiner Co., L d.		Associa e of he Compan	

4. *Other related parties*

Sho g ang Molong Holdings Co., L d. (壽光墨龍控股有限公司)	The con rolling shareholder of he Compan
Shandong Sho g ang Jin in In es men De elopmen Holdings Gro p Limi ed (山東壽光金鑫投資發展控股集團有限公司)	The con rolling shareholder of he con rolling shareholder of he Compan
Shandong Sho g ang Jin in In es men De elopmen Holdings Gro p Limi ed (山東壽光金鑫投資發展控股集團有限公司)	A s bsidiar of Sho g ang Jin in
Weifang H a an Hea Co., L d. (濰坊華源熱力有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Xinjing To rism De elopmen Co., L d. (壽光市鑫景旅遊發展有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Rong an Agric l ral Technolog Co., L d. (壽光市融源農業科技有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Jin o Medical Ser ices Co., L d. (壽光市金投醫療服務有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Jind n Mo oris Training Co., L d. (壽光市金盾機動車駕駛員培訓有限責任公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Hi- ech Zone In es men and De elopmen Gro p Co., L d. (壽光高新區投資開發集團有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Jinsheng In es men Co., L d. (壽光金盛投資有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Fengh i Agric l ral Technolog Co., L d. (壽光市豐匯農業科技有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Cons r c ion Engineering Q ali Tes ing Co., L d. (壽光市建設工程質量檢測有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang High- ech Zone Infras r c re De elopmen Co., L d. (壽光市高新區基礎設施開發有限公司)	A s bsidiar of Sho g ang Jin in
Shandong Long ing Plas ic Film Technolog Co., L d. (山東龍興塑膜科技股份有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Kefa In es men Co., L d. (壽光科發投資有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang fr i and ege able arie righ rading cen er Co., L d. (壽光果菜品種權交易中心有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Heda Polar Ocean World Co., L d. (壽光合達極地海洋世界有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Xinh i Real Es a e Co., L d. (壽光市鑫惠置業有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Gao o Shengh i Pho o ol aic Technolog Co., L d. (壽光高投晟輝光伏科技有限公司)	A s bsidiar of Sho g ang Jin in
Shandong Qing ai Medical Eq ipmen Co., L d. (山東青泰醫療器械有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Gao o H ibang Cons r c ion and Ins alla ion Engineering Co., L d. (壽光高投匯邦建築安裝工程有限公司)	A s bsidiar of Sho g ang Jin in
Shandong P sen.286 Td(()Tj/C0 1 Tf 286060706A10907153C14 1 [illegible] ing Co., L d. ()Tj/C0 1 Tf FAA038809F704 (山枝 > 壽光市豐匯農業科技有限公司)	

Sho g ang J dianh Hao ang Pla gro nd Co., L d. (壽光市巨澱湖浩洋遊樂園有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Hao ang Ca ering Co., L d. (壽光市浩洋餐飲有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang J dianh Haohan Pla gro nd Co., L d. (壽光市巨澱湖浩瀚遊樂園有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Jin o Hea ing Po er Co., L d. (壽光市金投熱力有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang G o Ne Energ Co., L d. (壽光市國譽新能源科技有限公司)	A s bsidiar of Sho g ang Jin in
Jinpeng (Shandong) Elec ronic Informa ion Technolog Co., L d. (金朋(山東)電子信息技術有限公司)	A s bsidiar of Sho g ang Jin in
Sho g ang Financial In es men Gro p Co., L d. (壽光市金融投資集團有限公司)	Companies i h associa ed na ral persons
Sho g ang Ind s r In es men Holding Gro p Co., L d. (壽光市產業投資控股集團有限公司)	Companies i h associa ed na ral persons
Shandong Bo an Pharmace ical & Chemical Co., L d. (山東博苑醫藥化學股份有限公司)	Companies i h associa ed na ral persons
Shandong Ji an Ins rance Broker Co., L d. (山東九安保險經紀股份有限公司)	Companies i h associa ed na ral persons
Shandong Ji 'an In es men Managemen Co., L d. (山東九安投資管理有限公司)	Companies i h associa ed na ral persons
Shandong Qi'an Heal h Managemen Co., L d. (山東齊安健康管理有限公司)	Companies i h associa ed na ral persons
Shandong J 'an Si ei Risk Managemen Cons l ing Co., L d. (山東居安思危風險管理諮詢有限公司)	Companies i h associa ed na ral persons
G o Deh i Eq i In es men Managemen (Shandong) Co., L d. (國鈺德慧股權投資管理(山東)有限公司)	Companies i h associa ed na ral persons
Shanghai Anqi Ar ificial In elligence Technolog Co., L d. (上海安齊人工智能科技有限公司)	Companies i h associa ed na ral persons
Sho g ang Jin o Eq i In es men F nd Managemen Co., L d. (壽光市金投股權投資基金管理有限公司)	Companies i h associa ed na ral persons
Shandong Global Sof are Co., L d. (山東環球軟件股份有限公司)	Companies i h associa ed na ral persons
K npeng Asse Managemen Co., L d. (昆朋資產管理股份有限公司)	Companies i h associa ed na ral persons
L shang Life Ser ice Co., L d. (魯商生活服務股份有限公司)	Companies i h associa ed na ral persons
Sho g ang Jin o Asse Managemen Co., L d. (壽光市金投資產管理有限公司)	Companies i h associa ed na ral persons
Sho g ang Jin o Agric l ral Technolog De elopmen Gro p Co., L d. (壽光市金投農業科技發展集團有限公司)	Companies i h associa ed na ral persons
Sho g ang ZRCB Co n r Bank Co., L d. (壽光張農商村鎮銀行股份有限公司)	Companies i h associa ed na ral persons
Sho g ang Jin o C l re Ind s r De elopmen Co., L d. (壽光市金投文化產業發展有限公司)	Companies i h associa ed na ral persons
Sho g ang Jin o Non Financing G aran ee Co., L d. (壽光市金投非融資性擔保有限公司)	Companies i h associa ed na ral persons
Sho g ang jin heng financing g aran ee Co., L d. (壽光市金政融資擔保有限公司)	Companies i h associa ed na ral persons
Weifang H i i Proper Managemen Co., L d. (濰坊卉宜物業管理有限公司)	Companies i h associa ed na ral persons
Sho g ang Jinkong Asse Managemen Co., L d. (壽光市金控資產管理有限公司)	Companies i h associa ed na ral persons
Sho g ang Chang Thermal Po er Co., L d. (壽光昶旭熱力有限公司)	Companies i h associa ed na ral persons
Sho g ang Chen i Kang ang Medical Co., L d. (壽光市宸熙康養醫療有限公司)	Companies i h associa ed na ral persons
Sho g ang Chengsai Agric l ral Technolog Co., L d. (壽光市誠賽農業科技有限公司)	Companies i h associa ed na ral persons
Sho g ang Xiangr n Ind s r Co., L d. (壽光祥潤實業有限公司)	Companies i h associa ed na ral persons
K npeng (Shandong) Asse Managemen Co., L d. (昆朋(山東)資產管理有限公司)	Companies i h associa ed na ral persons
Qingdao Jin in H ijin Finance Leasing Co., L d (青島金鑫匯金融資租賃有限公司)	Companies i h associa ed na ral persons

Sho g ang Jind Engineering Managemen Co., L d. (壽光市金都工程管理有限公司)	Companies i h associa ed na ral persons
Sho g ang C l ral To rism In es men and De elopmen Gro p Co., L d. (壽光市文化旅遊投資發展集團有限公司)	Companies i h associa ed na ral persons
Sho g ang High q ali De elopmen Co., L d. (壽光市高質量發展有限公司)	Companies i h associa ed na ral persons
Sho g ang Xianglin En erprise Managemen Co., L d. (壽光市祥霖企業管理有限公司)	Companies i h associa ed na ral persons
Sho g ang X n ing Ne Energ De elopmen Co., L d. (壽光市迅盈新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang R isi Ne Energ De elopmen Co., L d. (壽光市瑞思新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Linmao Ne Energ De elopmen Co., L d. (壽光市霖茂新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Chang i Ne Energ De elopmen Co., L d. (壽光市昌億新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Zhisen Ne Energ De elopmen Co., L d. (壽光市智森新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Haochen Ne Energ De elopmen Co., L d. (壽光市灝辰新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Xiangbo Ne Energ De elopmen Co., L d. (壽光市祥博新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Dingchen Ne Energ De elopmen Co., L d. (壽光市鼎辰新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Hong Ne Energ De elopmen Co., L d. (壽光市鴻禹新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Mingr i Ne Energ De elopmen Co., L d. (壽光市銘瑞新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang G angfa Elec ric Po er Co., L d. (壽光市光發電力有限公司)	Companies i h associa ed na ral persons
Sho g ang Yinchen Ne Energ De elopmen Co., L d. (壽光市銀辰新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang J nhong Ne Energ De elopmen Co., L d. (壽光市駿宏新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang Zhaoh i Ne Energ De elopmen Co., L d. (壽光市兆輝新能源開發有限公司)	Companies i h associa ed na ral persons
Sho g ang J nhan Ne Energ De elopmen Co., L d. (壽光市君瀚新能源開發有限公司)	Companies i h associa ed na ral persons
Beijing Aohe Ind s rial Co., L d. (北京奧菏實業有限公司)	Companies i h associa ed na ral persons
Sho g ang Smar Real Es a e Informa ion Ser ice Co., L d. (壽光市智慧房產信息服務有限公司)	Companies i h associa ed na ral persons
Shandong Cangsheng agric l ral science and echnolog Co., L d. (山東倉聖農業科技有限公司)	Companies i h associa ed na ral persons
Shandong Zhimeng Holdings Co., L d. (山東智夢控股有限公司)	A legal person ho holds more han 5% of he shares oge her i h i s par ies in concer
Sho g ang Panjin Proper Co., L d. (壽光市磐金置業有限公司)	A legal person ho holds more han 5% of he shares oge her i h i s par ies in concer
Sho g ang Hongsen Logis ics Co., L d. (壽光市鴻森物流有限公司)	A legal person ho holds more han 5% of he shares oge her i h i s par ies in concer
Sho g ang R isen Ne B ilding Ma erials Co., L d. (壽光市瑞森新型建材有限公司)	A legal person ho holds more han 5% of he shares oge her i h i s par ies in concer
TATA Heal h In erna ional Holdings Limi ed (TATA 健康國際控股有限公司)	Companies here s per isors ha e held offices in he pas 12 mon hs

5. *Related party transactions*

(1) Rela ed par ransac ions regarding p rchase and sale of goods and rendering and receip of ser ices

Lis of sale of goods/rendering of ser ices

Uni : RMB

Karama Yalong Pe role m Machiner Co., L d.	Oil p mps and accessories	456,221.59	522,267.43

(2) Rela ed g aran ees

The Compan as a g aran or

Uni : RMB

Sho g ang Maolong	0.00	30 J ne 2020	30 J ne 2023	Yes

The Compan as a g aran eed par

Uni : RMB

Sho g ang Jin in	60,000,000.00	26 A g s 2021	25 A g s 2024	Yes

Descrip ion of rela ed g aran ee:

On 15 Ma 2020, he hird special mee ing of he si h session of he board of direc ors of he Compan considered and passed he Proposal for he pro ision of g aran ee for Sho g ang Maolong (《關於為壽光懋隆提供擔保的議案》). I as agreed ha Sho g ang Maolong (a holl -o ned s bsidiar) sho ld commence he pro ision of comprehensi e financial ser ices i h China Grea Wall Asse Managemen Co., L d. Shandong Branch i h a o al amo n of no e ceeding RMB20,000 en ho sand for a period of no longer han 36 mon hs, and ha he Compan , Sho g ang Baolong and Weihai Baolong sho ld pro ide cer ain of heir real proper ies and land se righ s, respec i el , as sec ri of g aran ee in respec of he commencemen of he abo e b siness b Sho g ang Maolong. S ch g aran ee has been considered and appro ed a he ann al general mee ing 2019 of he Compan . De ails are a ailable on he ebsi e of cninfo (h p:// .cninfo.com.cn) in he anno ncemen n mbered 2020-030.

On 26 A g s 2021, he elf h mee ing of he si h session of he board of direc ors of he Compan considered and passed he Proposal for De elopmen of Finance Lease B siness_ (《關於開展融資租賃業務的議案》). I as agreed ha he Compan sho ld commence he sale-and-leaseback financing b siness i h Yang e Uni ed Financial Leasing Co., L d. (

6. *Amounts due from and due to related parties*

(1) Receivables

Uni : RMB

				Balance at the beginning of the period	
				Book balance	Provision of bad debts
Accounts receivable	Karamay Yalong Petroleum Machinery Co., Ltd.	**3,966,237.77**	**1,610,785.96**	5,297,572.74	2,093,527.58

7. *Undertakings by related parties*

The Company continues to receive financial support from Shogang Jinxin, the controlling shareholder of the controlling shareholder. On 10 February 2023, after the consideration and approval at the 3rd extraordinary meeting of the seventh session of the Board of Directors of the Company, Shogang Jinxin, provided non-interest bearing borrowings of up to RMB500 million to the Company for a term of less than one year, which can be recycled within the loan amount and validity period. This financial assistance does not require the Company to provide any form of guarantees such as guarantee, mortgage and pledge. As of the end of the reporting period, the balance of the financial assistance from Shogang Jinxin to the Company is RMB80 million, and Shogang Jinxin can provide timely assistance according to the Company's capital needs within its support quota. In addition, Shogang Jinxin will actively assist the Group in expanding its financing channels and business scope, and support the Group to become better and stronger.

III. [illegible]

1. *General information of share-based payments*

Applicable ✓ No applicable

2. *Equity-settled share-based payments*

Applicable ✓ No applicable

3. Cash-settled share-based payments

Applicable ✓ No applicable

4. *Revision and termination of share-based payments*

Nil

5. *Others*

The Company had no share-based payments during the period.

[illegible]

1. *Significant commitments*

Significan commi men s a he balance shee da e

Nil

2. *Contingencies*

(1) Ma erial con ingencies a he balance shee da e

As he li iga ion ma ers in ol ing Sho g ang Baolong, a s bsidiar , ha e no e been decided, he Compan e al a ed he possible compensa ion liabili ies in he f re af er cons l ing legal opinions, and based on he principle of pr dence, accr ed an es ima ed liabili of RMB9.8 million for he li iga ion ma ers.

(2) To s a e ha he compan has no ma erial con ingenc ha needs o be disclosed

The Compan has no ma erial con ingenc ha needs o be disclosed.

3. *Others*

Apar from he abo e ma ers, he Compan has no o her major con ingencies.

[illegible] E [illegible]

1. *Profit Distribution*

Amo n of di idends o be dis rib ed for e er en shares (RMB)	0
N mber of bon s shares o be dis rib ed for e er en shares (shares)	0
N mber of shares o be ransferred in o share capi al for e er en shares (share)	0
Amo n of di idends declared for e er en shares pon considera ion and appro al (RMB)	0
N mber of bon s shares declared for e er en shares pon considera ion and appro al (shares)	0
N mber of shares declared o be ransferred in o share capi al for e er en shares pon considera ion and appro al (share)	0
Profi dis rib ion scheme	Nil

2. *Sales Return*

As a he da e of his financial repor , he Compan had no sales re rn.

3. *Descriptions of other events subsequent to the balance sheet date*

E cep for he disclos re of e en s s bseq en o he balance shee da e as described abo e, he Compan has no o her ma erial e en s s bseq en o he balance shee da e.

V. [illegible]

1. *Segment information*

(1) Basis for de ermining repor able segmen s and acco n ing policies

(1) Basis for determining reportable segments

Based on i s in ernal organisa ional s r c re, managemen req iremen s and in ernal repor ing s s em, he Gro p's opera ing b sinesses are di ided in o fi e repor able segmen s, hich are de ermined for he basis of in ernal organi a ional s r c re, managemen req iremen s and in ernal repor ing s s em. Managemen of he Gro p reg larl e al a es he opera ing res l s of hese repor able segmen s for he p rposes of making decisions on reso rce alloca ion o and performance e al a ion of hese segmen s. The main prod c s pro ided b he Gro p's repor able segmen s incl de oil casing, hree kinds of p mping ni s, pe role m machiner par s, cas ings and forgings, and o hers.

(2) Accounting policies for the reportable segments

Segmen repor ing informa ion is disclosed in accordance i h he acco n ing policies and meas remen s andards adop ed for repor ing o he managemen b each segmen , hich are consis en i h he acco n ing policies and meas remen basis for preparing financial s a emen s.

(2) Financial informa ion of repor able segmen s

Uni : RMB

I	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Opera ing re en e	–	–	–	–	–	–	–	–
Re en e from e ernal sales	716,389,280.84	14,110,813.66	14,807,795.88	14,860,414.01	38,250,710.71	–	–	798,419,015.10
Re en e from in er-segmen sales	–	–	–	–	–	–	–	–
To al segmen opera ing re en e	716,389,280.84	14,110,813.66	14,807,795.88	14,860,414.01	38,250,710.71	–	–	798,419,015.10
To al opera ing re en e as repor ed	716,389,280.84	14,110,813.66	14,807,795.88	14,860,414.01	38,250,710.71	–	–	798,419,015.10
Segmen e penses	684,455,826.42	12,167,658.66	12,115,961.51	18,602,891.52	38,213,116.02	2,115,579.66	–	767,671,033.79
Segmen opera ing profi	31,933,454.42	1,943,155.00	2,691,834.37	(3,742,477.51)	37,594.69	(2,115,579.66)	–	30,747,981.31
Adj s ed for:	–	–	–	–	–	–	–	–
Adminis ra i e e penses	–	–	–	–	–	135,856,718.33	–	135,856,718.33
Research and de elopmen e penses	–	–	–	–	–	15,508,358.85	–	15,508,358.85
Finance cos s	–	–	–	–	–	43,618,923.57	–	43,618,923.57
In es men income	–	–	–	–	–	–	–	–
Gains on disposal of asse s	–	–	–	–	–	325,712.98	–	325,712.98
O her income	–	–	–	–	–	132,723.59	–	132,723.59
Opera ing profi as repor ed	31,933,454.42	1,943,155.00	2,691,834.37	(3,742,477.51)	37,594.69	(196,641,143.84)	–	(163,777,582.87)
Non-opera ing income	–	–	–	–	–	2,044,943.45	–	2,044,943.45
Non-opera ing e penses	–	–	–	–	–	742,741.22	–	742,741.22
To al profi	31,933,454.42	1,943,155.00	2,691,834.37	(3,742,477.51)	37,594.69	(195,338,941.61)	–	(162,475,380.64)
Income a	–	–	–	–	–	1,458,254.39	–	1,458,254.39
Ne profi	31,933,454.42	1,943,155.00	2,691,834.37	(3,742,477.51)	37,594.69	(196,797,196.00)	–	(163,933,635.03)
To al segmen asse s	1,462,066,873.31	76,946,330.69	53,003,776.69	1,140,837,033.24	252,748,561.53	735,938,873.96	–	3,721,541,449.42
To al segmen liabili ies	905,506,498.11	20,836,098.45	26,731,470.04	781,891,172.21	34,644,238.89	1,205,387,704.28	–	2,974,997,181.98

2. *Other significant transactions and items affecting decision-making of investors*

In he firs half of 2023 and 2022, he Gro p deri ed all re en e from e ernal sales from he PRC and o erseas. As all of i s asse s ere loca ed in he PRC, re en e from e ernal sales b origin of re en e is disclosed as follo s:

Uni : RMB

	A	Amo n for he las period
PRC (e cl ding Hong Kong)	**635,768,739.52**	1,507,525,783.97
Hong Kong		—
O her o erseas regions	**162,650,275.58**	63,416,157.68
To al	**798,419,015.10**	1,570,941,941.65

II. [illegible]

1. *Accounts receivable*

(1) Disclos re of acco n s recei able b pe

Uni : RMB

						Balance a he beginning of he period				
	B				B	Book balance		Pro ision for bad deb s		Book al e
	A		A			Amo n	Percen age	Amo n	Pro ision ra e	
Incl ding:										
Acco n s recei able pro ided for bad deb s on a collec i e basis	**752,098,470.13**	**100.00%**	**105,435,486.36**	**14.02%**	**646,662,983.77**	662,770,579.31	100.00%	102,449,762.97	15.46%	560,320,816.34
Incl ding:										
Acco n s recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on aging charac eris ics	**468,861,951.18**	**62.34%**	**105,435,486.36**	**22.49%**	**363,426,464.82**	394,050,802.27	59.46%	102,449,762.97	26.00%	291,601,039.30
Acco n s recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on rela ed par ies i hin he scope of consolida ion	**283,236,518.95**	**37.66%**			**283,236,518.95**	268,719,777.04	40.54%	–	–	268,719,777.04
To al	**752,098,470.13**		**105,435,486.36**		**646,662,983.77**	662,77 0,579.31	–	102,449,762.97	–	560,320,816.34

Pro ision for bad deb s on a collec i e basis: Acco n s recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on aging charac eris ics

Uni : RMB

Wi hin 1 ear	365,502,214.58	3,655,022.15	1.00%
1 2 ears	2,416,459.32	1,208,229.66	50.00%
2 3 ears	523,052.05	392,289.04	75.00%
3 4 ears	—	—	—
4 5 ears	1,601,864.77	1,361,585.05	85.00%
O er 5 ears	98,818,360.46	98,818,360.46	100.00%
To al	468,861,951.18	105,435,486.36	—

Pro ision for bad deb s on a collec i e basis: Acco n s recei able pro ided for bad deb s on a collec i e basis as gro ped for e pec ed credi loss based on associa es nder consolida ion

Uni : RMB

Sho g ang Maolong	262,168,172.67	—	—
MPM	21,068,346.28	—	—
To al	283,236,518.95	—	—

Basis for de ermining he gro p:

If pro ision for bad deb s of acco n s recei ables as made sing he general approach of e pec ed credi loss, please disclose he informa ion on pro ision for bad deb s i h reference o he disclos res of o her recei ables:

Applicable ✓ No applicable

Disclos re b age

Uni : RMB

Wi hin 1 ear (incl si e)	627,670,387.25
1 o 2 ears	2,416,459.32
2 o 3 ears	523,052.05
O er 3 ears	121,488,571.51
4 o 5 ears	1,601,864.77
O er 5 ears	119,886,706.74
To al	752,098,470.13

(2) Pro ision, reco er or re ersal of pro ision for bad deb s for he c rren period

Pro isions for bad deb s for he c rren period:

Uni : RMB

2. *Other receivables*

Uni : RMB

I	B	Balance a he beginning of he period
O her recei ables	**449,662,976.42**	734,091,673.64
To al	**449,662,976.42**	734,091,673.64

(1) O her recei ables

1) Other receivables by payment nature

Uni : RMB

	B	Balance a he beginning of he period
S aff rno er loans	**744,000.00**	684,000.00
Deposi s/margins	**9,130,630.60**	3,029,305.84
Acco n s d e from/ o o her en i ies	**1,162,549.78**	1,214,849.14
Rela ed par ies i hin he scope of consolida ion	**439,207,798.36**	729,388,042.10
Less: Pro ision for bad deb s of o her recei ables	**(582,002.32)**	(224,523.44)
To al	**449,662,976.42**	734,091,673.64

2) Provision for bad debts

Uni : RMB

	1 12-	2 L ( )	3 L ( )	
Balance a 1 Jan ar 2023	168,187.72	56,335.72	—	224,523.44
Balance a 1 Jan ar 2023 d ring he c rren period				
Charge for he c rren period	4,452.45	502,172.06	—	506,624.51
Re ersal for he c rren period	149,145.63	—	—	149,145.63
Balance as a 30 J ne 2023	23,494.54	558,507.78	—	582,002.32

Mo emen s of book balance of significan changes in loss allo ance for he c rren period

Applicable ✓ No applicable

Disclos re b age

Uni : RMB

A	[illegible]
Wi hin 1 ear (incl si e)	373,594,984.99
1 o 2 ears	1,400,884.84
2 o 3 ears	2,810,000.00
O er 3 ears	72,439,108.91
3 o 4 ears	1,800,987.63
4 o 5 ears	0.00
O er 5 ears	70,638,121.28
To al	450,244,978.74

3) *Provision, recovery or reversal of provision for bad debts for the current period*

Pro ision for bad deb s for he c rren period:

Uni : RMB

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pro isions for bad deb s of o her recei ables	224,523.44	506,624.50	149,145.63	—	—	582,002.32
To al	224,523.44	506,624.50	149,145.63	—	—	582,002.32

4) *Other receivables actually written off during the current period*

There ere no o her recei ables ac all ri en off d ring he c rren period.

5) Balance of five largest other receivables as at the end of the period by debtor

Uni : RMB

Sho g ang Maolong	Amo n s d e from en i ies	342,980,360.69	Wi hin 1 ear	76.18%	—
Molong Logis ic	Amo n s d e from en i ies	25,600,000.00	Wi hin 5 ears	5.69%	—
Molong Logis ic	Amo n s d e from en i ies	70,627,437.67	O er 5 ears	15.69%	—
Shaan i Energ Chemical Ind s r E change Co., L d.	Sec ri deposi s	6,000,000.00	Wi hin 1 ear	1.33%	—
Shaan i Energ Chemical Ind s r E change Co., L d.	Sec ri deposi s	257,236.60	1-2 ears	0.06%	—
CNPC Ch anqing Drilling Engineering Compan Limi ed	Sec ri deposi s	1,164,196.00	Wi hin 1 ear	0.26%	—
Sho g ang Social Ins rance Managemen Cen er (Work Inj r)	Ins rance	82,351.30	Wi hin 1 ear	0.02%	12,352.70
Sho g ang Social Ins rance Managemen Cen er (Work Inj r)	Ins rance	994,248.24	1-2 ears	0.22%	546,836.53
To al		447,705,830.50		99.45%	559,189.23

6) Government grants receivable

Nil

7) Other receivables derecognised on transfer of financial assets

As a 30 J ne 2023, he Compan had no o her recei ables derecognised on ransfer of financial asse s.

8) Amount of assets or liabilities arising from transfer of other receivables with continuous involvement

As a 30 J ne 2023, here ere no asse s or liabili ies arising from ransfer of o her recei ables i h con in o s in ol emen .

O her descrip ions:

As a 30 J ne 2023, he Compan did no ha e an pledged o her recei ables.

3. *Long-term equity investments*

Uni : RMB

I	B		B	Balance a he beginning of he period		
				Book balance	Pro ision for impairmen	Book al e
In es men in s bsidiaries	**1,762,019,921.73**	**208,000,000.00**	**1,554,019,921.73**	1,362,019,921.73	208,000,000.00	1,154,019,921.73
To al	**1,762,019,921.73**	**208,000,000.00**	**1,554,019,921.73**	1,362,019,921.73	208,000,000.00	1,154,019,921.73

(1) In es men in s bsidiaries

Uni : RMB

I	(B)	I	D		(B)	
Sho g ang Maolong	1,006,743,691.73	**400,000,000.00**	–	–	1,406,743,691.73	**0.00**
Weihai Baolong	117,000,000.00	–	–	–	117,000,000.00	103,000,000.00
MPM	7,276,230.00	–	–	–	7,276,230.00	**0.00**
Sho g ang Baolong	**0.00**	–	–	–	**0.00**	105,000,000.00
Molong Logis ic	3,000,000.00	–	–	–	3,000,000.00	**0.00**
Molong I&E	10,000,000.00	–	–	–	10,000,000.00	**0.00**
Molong Commercial	10,000,000.00	–	–	–	10,000,000.00	**0.00**
To al	1,154,019,921.73	**400,000,000.00**	–	–	1,554,019,921.73	208,000,000.00

4. *Operating revenue and operating costs*

Uni : RMB

I	A	C	Amo n for he prior period	
			Re en e	Cos s
Principal opera ions	**732,694,331.57**	**674,105,184.79**	617,523,324.34	584,928,781.23
O her opera ions	**38,071,840.40**	**35,937,862.86**	56,689,020.51	52,722,656.98
To al	**770,766,171.97**	**710,043,047.65**	674,212,344.85	637,651,438.21

Informa ion rela ed o re en e:

Uni : RMB

C					
T pe of goods					
Incl ding:					
Pipe prod c s	702,973,915.02	—	—	—	702,973,915.02
Three kinds of p mping ni s	—	14,110,813.66	—	—	14,110,813.66
Pe role m machiner par s	—	—	13,737,601.18	—	13,737,601.18
O hers	—	—	—	39,943,842.11	39,943,842.11
B b siness loca ion					
Incl ding:					
China	575,280,700.42				

III.

1. *Breakdown of extraordinary profits or losses for the current period*

✓ Applicable No applicable

Uni : RMB

I	A	D
Gains or losses arising from disposal of non-c rren asse s (incl ding he ri en-offs ha ha e been pro ided for impairmen of asse s)	(131,293.77)	Mainl comprised of he losses on disposal and re iremen of cer ain asse s of he Compan .
Go ernmen gran recognised in c rren profi and loss (e cl ding hose gran s ha are closel rela ed o he Compan 's normal b siness opera ion, ha me he req iremen s of na ional polic , and ha ere con in o sl gran ed in accordance i h he cer ain s andard amo n or ol me prescribed b he S a e)	132,723.59	Mainl comprised of he cross-border e-commerce s bsidies recei ed and he ref nds of handling fees for i hholding and remi ing of indi id al income a d ring he c rren period.
Non-opera ing income and e penses o her han he abo e i ems	1,759,208.98	Mainl comprised of he ransfer of non-repa able acco n s pa able d ring he c rren period.
Less: Effec on income a	85,813.61	—
Effec on minori in eres s	201,640.89	—
To al	1,473,184.30	—

De ails of o her profi or loss i ems ha fall i hin he defini ion of e raordinar gain or loss:

Applicable ✓ No applicable

The Compan did no ha e an e raordinar profi and loss i ems ha fall i hin he defini ion of e raordinar gain or loss.

E plana ion for defining he non-e raordinar gain or loss i ems lis ed in he In erpre a ion No. 1 on Informa ion Disclos re for Companies Offering Their Sec ri ies o he P blic — E raordinar Profi and Loss) as e raordinar gain and loss i ems

Applicable ✓ No applicable

2. *Return on net assets and earnings per share*

		E	D
		B	
		(B/)	(B/)
Ne profi a rib able o ordinar shareholders of he Compan	17.42%	(0.1983)	(0.1983)
Ne profi af er e raordinar gains or losses a rib able o shareholders of he Compan	17.58%	(0.2002)	(0.2002)

I as calc la ed based on Ar icle 4 Companies sho ld calc la e basic earnings per share b di iding ne profi for he period a rib able o ordinar shareholders b eigh ed a erage n mber of ordinar shares in iss e nder ASBE 34 earnings per share .

3. *Differences in accounting data under domestic and overseas accounting standards*

(1) Differences in ne profi and ne asse s in he financial repor as disclosed in accordance i h IASs and PRC GAAP

Applicable ✓ No applicable

(2) Differences in ne profi and ne asse s in he financial repor as disclosed nder he o erseas acco n ing s andards and PRC GAAP

Applicable ✓ No applicable

(3) Reason(s) for acco n ing difference be een domes ic and in erna ional acco n ing s andards; if adj s men has been made o da a a di ed b o erseas a di firm, specif he name of he o erseas a di firm

Nil