

Company Stock Code: 603236

Short Name of the Company: Quectel



Quectel Wireless Solutions Co., Ltd.

**2021 Semi-Annual Financial Report**

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## 1. Company Profile and Main Financial Indicators

### 1.1. Company Profile

<b>Chinese Name of the Company</b>	上海移远通信技术股份有限公司
<b>Short Chinese Name of the Company</b>	移远通信
<b>English Name of the Company</b>	Quectel Wireless Solutions Co., Ltd.
<b>Short English Name of the Company</b>	Quectel
<b>Legal Representative</b>	Penghe QIAN

### 1.2. Contact Information

	<b>Board Secretary</b>	<b>Securities Affairs Representative</b>
<b>Name</b>	Lei ZHENG	Fan WANG
<b>Office Address</b>	Building 5, Shanghai Business Park Phase III (Area B), No.1016 Tianlin Road, Minhang District, Shanghai 200233, China	Building 5, Shanghai Business Park Phase III (Area B), No.1016 Tianlin Road, Minhang District, Shanghai 200233, China
<b>Tel.</b>	021-51086236-6778	021-51086236-6778
<b>Fax Number</b>	021-54453668	021-54453668
<b>E-mail Address</b>	yyuan@quectel.com	yyuan@quectel.com

### 1.3. Main Accounting Data and Financial Indicators

#### 1.3.1. Main Accounting Data

Unit: Yuan Currency: RMB

<b>Main Accounting Data</b>	<b>Reporting Period (Jan. – Jun.)</b>	<b>Same Period of Last Year</b>	<b>YOY Growth (%)</b>
Operating Revenues	4,315,558,066.54	2,497,180,222.72	72.82
Net Profit Attributable to Shareholders of the Company	133,471,675.62	69,657,284.89	91.61
Net Profit Attributable to Shareholders of the Company after Deducting Non-recurring Gains and Losses	120,590,415.06	44,809,697.56	169.12
Net Cash Flow from Operating Activities	-616,463,109.61	-324,358,042.90	N/A

	End of the Reporting Period	End of Last Year	YOY Growth (%)
Net Assets Attributable to Shareholders of the Company	3,014,651,797.45	1,868,676,298.94	61.33
Total Assets	7,597,912,358.63	4,601,246,090.65	65.13

### 1.3.2. Main Financial Indicators

Main Financial Indicators	Reporting Period (Jan. – Jun.)	Same Period of Last Year	YOY Growth
Basic Earnings per Share (Yuan/Share)	0.93	0.48	93.75%
Diluted Earnings per Share (Yuan/Share)	0.93	0.48	93.75%
Basic Earnings per Share after Deducting Non-recurring Gains and Losses (Yuan/Share)	0.84	0.31	170.97%
Weighted Average ROE (%)	5.41	4.03	Up by 1.38 percentage
Weighted Average ROE after Deducting Non-recurring Gains and Losses (%)	4.89	2.59	Up by 2.30 percentage

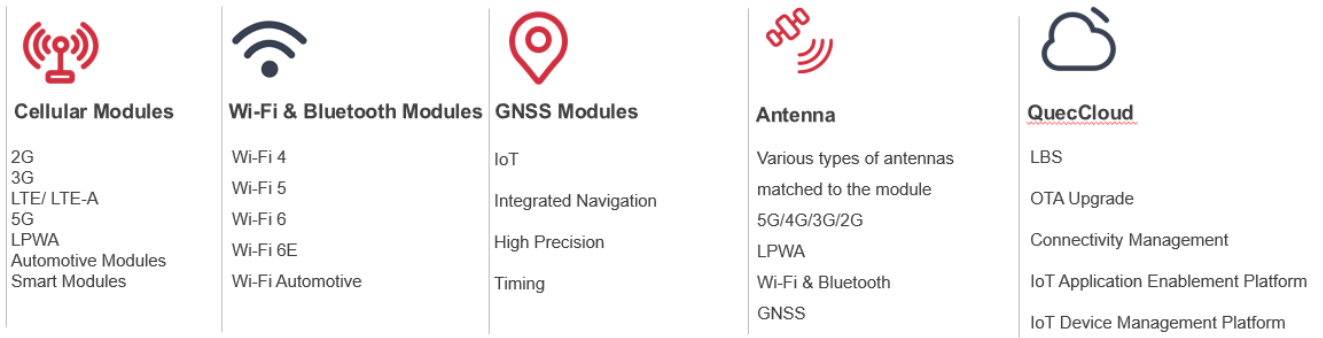
## 2. Discussions and Analyses by the Management

### 2.1. Overview of the Industry and the Company's Main Business during the Reporting Period

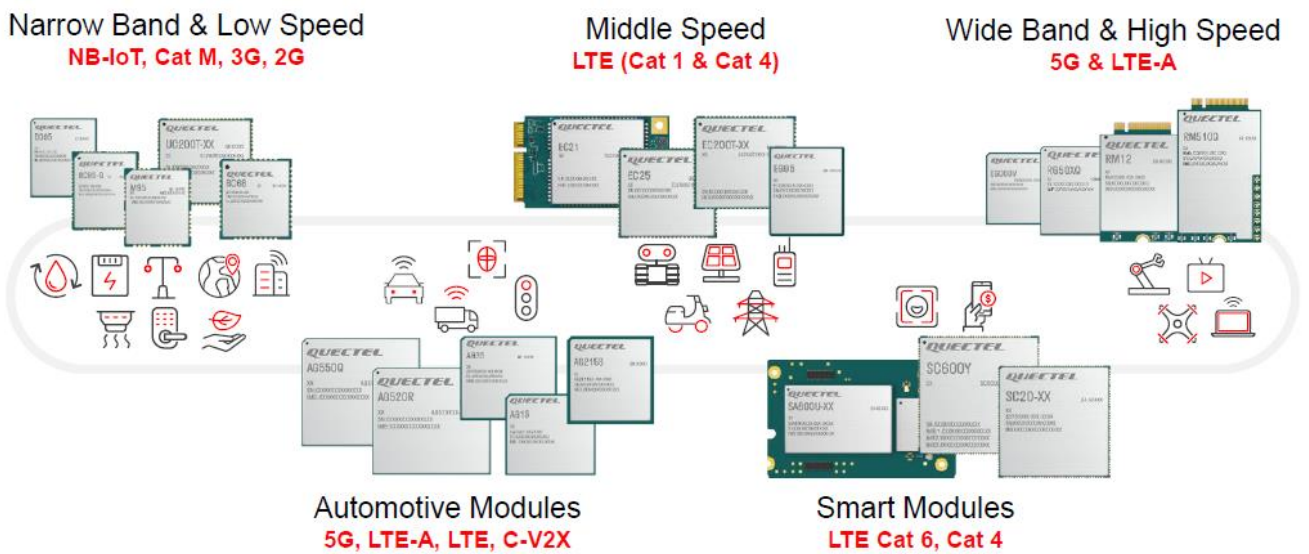
In the Reporting Period, the Company's main business, business model and industry context have not undergone any major changes. The details are as follows:

#### 2.1.1. Main Business of the Company

The Company specializes in the design, production, R&D and sales of wireless communication modules and solutions in the field of IoT, providing one-stop services including wireless communication modules, antenna and cloud platform management. The multiple functions of diverse products provided by Quectel can meet the requirements of different smart terminal markets.

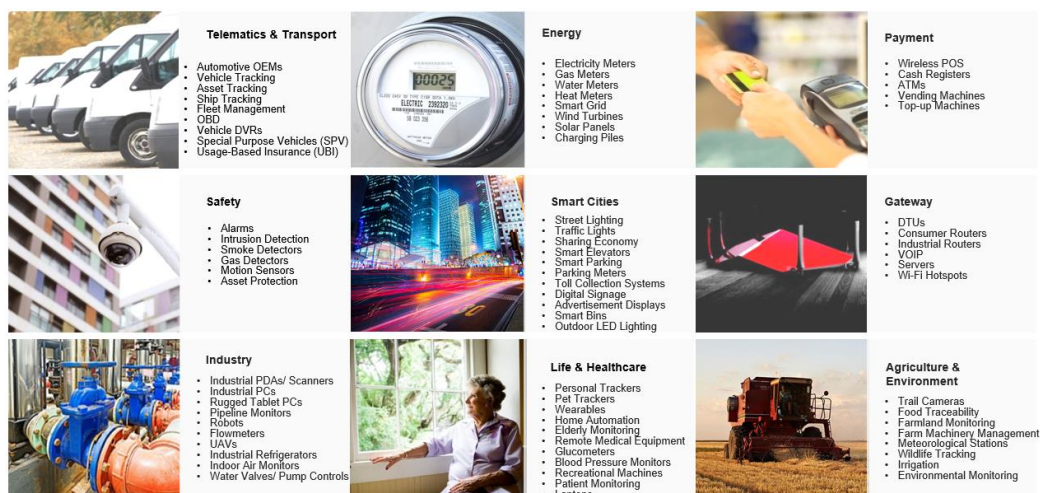


**Figure of the Company's Main Business**



**Figure of the Company's Mainstay Module Products**

The Company's products are widely used in Telematics & Transport, Energy, Payment, Safety, Smart Cities, Gateway, Industry, Life & Healthcare, Agriculture & Environment, etc.



**Figure of the Main Application Scenarios of the Company's Products**

### 2.1.2. Business Model

During the Reporting Period, the Company is dedicated to the design, R&D, production and sale of IoT wireless communication modules and solutions.

The Company's business model shows the following features: Firstly, great attention was paid to technology upgrade and R&D investment. As the diverse application demands for wireless communication modules have set a high standard for the software and hardware design capability of their producers, the Company has been thinking highly of technological innovation and talent acquisition, consistently strengthening its core competence in R&D. Secondly, independent production and outsourcing are both adopted to ensure reliable supply, improved efficiency in R&D, production and testing, as well as strict quality control. Thirdly, to satisfy the various demands from downstream customers, direct sales and distribution marketing models are adopted, and a global marketing and service network has been established with sales and technical support teams in over 150 countries and regions providing timely and efficient services to customers.

### 2.1.3. Industry Context

#### 2.1.3.1. Industry Classification of the Company

According to the China Securities Regulatory Commission *Industry Classification Guidelines for Listed Companies (Revised in 2012)*, the Company belongs to the "computer, communications and other electronic equipment manufacturing industry" (industry classification code C39); according to the *National Economic Industry Classification Standard (GB/T4754-2017)*, the Company belongs to the "communication system equipment manufacturing industry" (industry classification code C3921) of "computer, communications and other electronic equipment manufacturing industry".

### 2.1.3.2. Overview of IoT Wireless Communication Modules Industry

The Internet of Things market has huge capacity and rapid development. According to *The Mobile Economy 2021* released by GSMA, the total number of global IoT connections will reach 24 billion in 2025. According to the *Ericsson Mobility Report* released by Ericsson in June 2021, the number of global IoT connections will reach 26.4 billion, of which the number of IoT terminal connections for cellular communications will be close to 6 billion. According to data from ABI Research, the number of global IoT terminal connections is expected to exceed 23 billion in 2026.

The wireless communication module gives IoT smart terminals networking and information transmission capabilities. It is in the middle link between the upstream standardized chip and the highly fragmented downstream vertical application fields. It is a key component of IoT smart terminal devices. As the number of IoT connections continues to grow at a high compound rate, the market demand for various wireless communication modules keeps growing rapidly. According to the survey results released by Berg Insight in 2021, global cellular IoT module shipments reached 303 million in 2020, a year-over-year increase of 14%; Quectel's market share of sales revenue accounted for 24%, still maintaining a leading position in the industry.

Over recent years, various countries and regions around the world have attached great importance to the development of the Internet of Things, and a number of domestic policies have also been introduced to actively implement a strategic development plan for the Internet of Things. In 2020, the Ministry of Industry and Information Technology issued the *Notice on Further Promoting the Comprehensive Development of the Mobile Internet of Things* (hereinafter referred to as the *Notice*), pointing out that the mobile Internet of Things (Internet of Things technology and applications based on cellular mobile communication networks) is an important part of the new infrastructure.

The *Notice* puts forward the main goals and key tasks for the development of the Internet of Things. The main goal is to 1) accurately grasp the evolution trend of global mobile IoT technology standards and industrial structure, promote the migration of 2G/3G IoT services, and establish a comprehensive mobile IoT ecosystem for the coordinated development of NB-IoT, 4G (including LTE Cat 1) and 5G technologies; 2) apart from extending 4G network coverage and accelerating 5G network construction, use NB-IoT to meet the needs of low-speed scenarios, LTE Cat 1 to meet medium-speed IoT and Voice needs, and 5G technology for high-speed, low-latency networking needs. Key tasks include actively promoting the development of mobile IoT applications and enhancing the breadth and depth of mobile IoT applications.

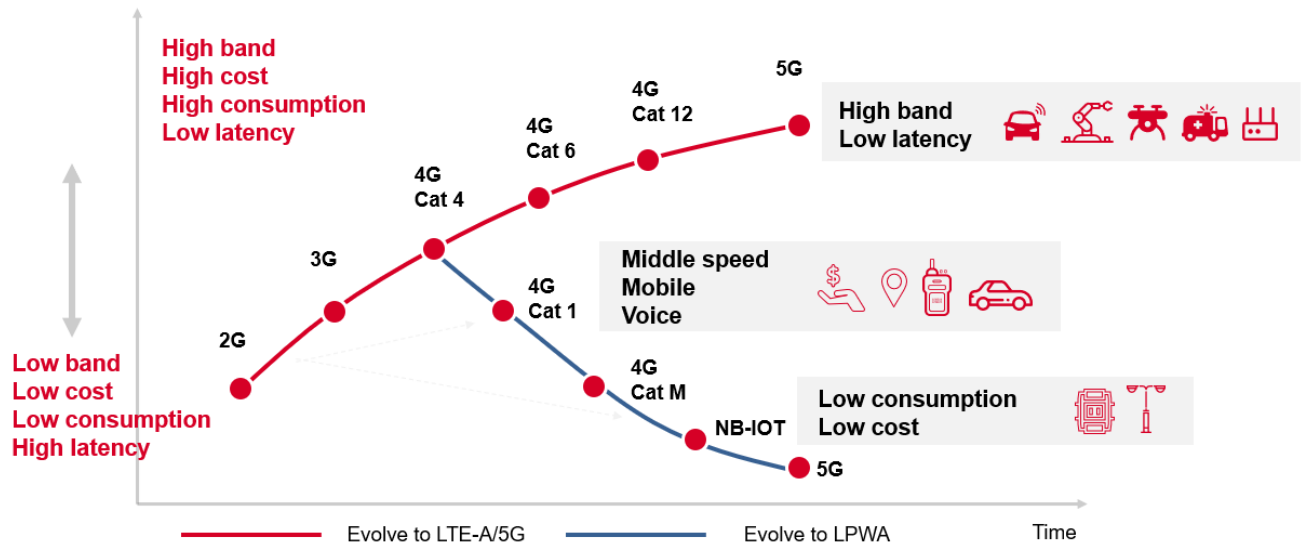
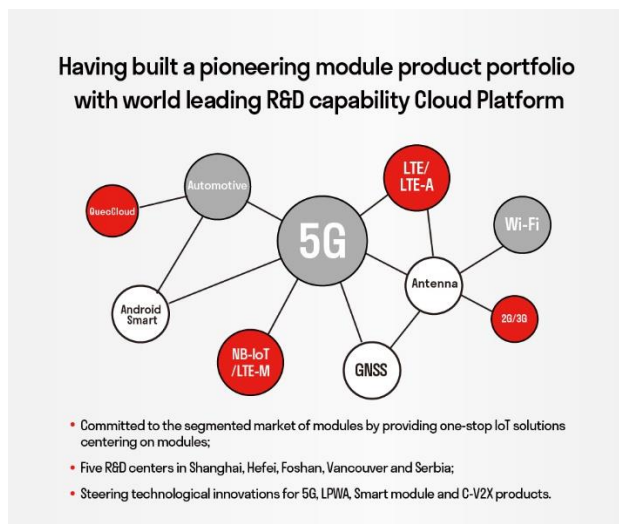


Figure of Communication Technology Trend

Quectel is committed to making outstanding contributions to the development of global Internet of Things. We continue to innovate products and have a rich module product portfolio. Besides, we provide more comprehensive derivative products and services such as antennas and IoT cloud platforms to offer customers one-stop solutions. In the future, the Company will continue to innovate and make full use of the IoT industry resources, strengthen close cooperation with partners from the upstream and downstream of the industry chain, accelerate the implementation of more IoT applications, help various industries to upgrade intelligently, and promote the full integration of Chinese IoT products into the global market, leading the development of the industry.

## 2.2. Core Competence Analysis for the Reporting Period



### R&D and Product Advantage

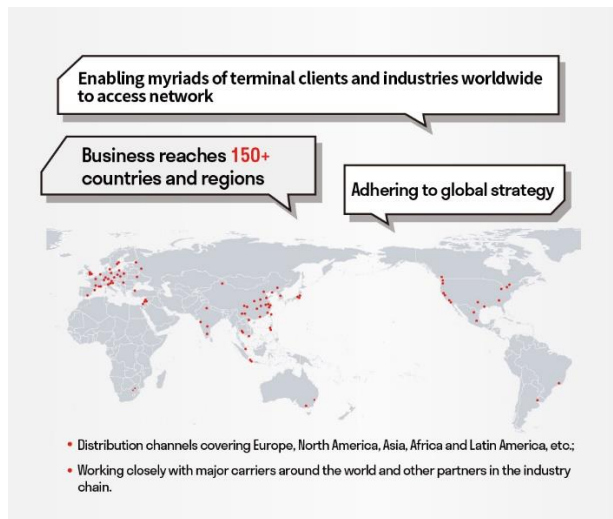


### Advanced lab equipment and automated production lines to ensure product quality



- Self-owned intelligent manufacturing center + Partner Manufacturers to ensure stable supply;
- Advanced testing equipment for a wide range of test items and with strict test standards to ensure reliable product performance;
- Global certifications facilitate customers' global market expansion.

### Supply Chain and Product Quality Advantage



- Distribution channels covering Europe, North America, Asia, Africa and Latin America, etc.;
- Working closely with major carriers around the world and other partners in the industry chain.

### Global Business Layout



- Professional technical support teams provide comprehensive customer services;
- Online and offline 24/7 timely, efficient and thoughtful services.

### Comprehensive Technical Service

## **2.3. Business Condition**

### **2.3.1. Constant Downstream Orders Growth and Significant Revenue Increase**

In the first half of 2021, the market demand has been vigorous under circumstance of the relieved national coronavirus pandemic situation and improved macro environment, but the Company is also facing challenges such as the supply shortage and rising cost of upstream raw materials. Therefore, the Company's board of directors and management team have taken prudent countermeasures and made overall arrangements centered around the Company's development strategies and annual goals, which reaps good yields.

By the end of the Period, the Company's revenues reached 4.316bn RMB, hitting an increase of 72.82% YoY; the net profit attributable to shareholders of the Parent Company reached 133mn RMB, hitting an increase of 91.61% YoY; the Company's total assets reached 7.598bn RMB, hitting an increase of 65.13% YoY. The Company's revenue growth is mainly attributed to the increase of business volumes such as that of LTE modules, LPWA modules, automotive modules, and 5G modules.

### **2.3.2. Product Innovation and Iteration by Following the Technological Development and Customer Demands**

The Company always attaches great importance to technological innovation. On June 17, 2021, Forbes China released the 50 Most Innovative Companies in China. On behalf of a new infrastructure company, Quectel is the only communication module company on the list.

#### **1) Positively participate in setting 5G standards and promoting 5G development**

As a member of 3GPP, the Company actively participates in the setting of 3GPP 5G standard. By the end of the Period, the Company has submitted dozens of 5G R17 communication standard proposals, promoting the continuous improvement of R17 standard and accelerating commercial application of R17.

As a partner of 3GPP, China Communications Standards Association (CCSA) has been working on the standardization of ICT field, producing and releasing thousands of communications industry standards. The Company also participates in setting the generic industrial standards of 5G modules, promoting the application of 5G modules in more vertical industries.

As a member of 5G IoT Strategy Group of Global System for Mobile Communications Association (GSMA), the Company also participated in the formulating of the Mobile IoT Energy Efficiency strategic proposal during the Period, and actively supported the energy efficiency of the IoT field.

Furthermore, the Company places a high value on IPR. By the end of the Period, the Company has applied for 371 patents, and has been granted 168 patents, 67 trademarks and 183 software copyrights.

## **2) Lead the industry with continuous innovative product**

By the end of the Period, the Company has developed about 30 5G modules with Qualcomm, UNISOC, MediaTek and other platforms based on 3GPP R15 and R16 specifications.

A number of 5G products based on R15 standard have been mass produced and delivered to customers, such as RM50xQ and RG50xQ series modules covering main frequency bands in China and other countries, RG500L and RM500K series modules with advantages of high integration, high speed and low power consumption, and Rx500U-CN series modules supporting minimalist dual antennas and modularized solutions.

R16, the first advanced 5G specification that further enhances the performance and competitiveness of 5G network, was frozen on July 2020 by 3GPP, bringing better user experience. After the freezing, chip platforms were also developed by the chip manufacturers based on R16, and the Company synchronously developed 5G modules based on the chip platforms. On February 2021, Rx520N and Rx520F series modules supporting Sub-6 GHz and RM530x series modules supporting mmWave were launched initially. The samples of these modules will be delivered to customers to support them to timely launch 5G products that support 3GPP R16.

During the Period, the Company launched the first 5G smart module SG500Q-CN, which integrates 5G and AI technology perfectly, and provides powerful data processing capacity and rich multimedia peripherals. It makes a contribution to significant breakthroughs in 5G IoT applications, achieving a burst of applications in all industries and fields such as industrial automation, smart security, smart cities, and rich media.

The Company has also developed LTE-A automotive module AG509M and 5G/5G+V2X automotive module AG56xN, which meet various customer demands in ICV (Intelligent Connected Vehicle) market. By the end of the Period, a rich automotive portfolio has been developed such as LTE module AG35, LTE-A module AG509M, LTE-A & C-V2X module AG52xR, C-V2X module AG15, 5G & C-V2X module AG55xQ/AG56xN, AP module AG215S, Wi-Fi 5 module AF51Y, Wi-Fi 6 module AF50T and GNSS module LG69T, etc., to satisfy the differentiated needs of automobile manufacturers from different countries/regions and improve the overall competitiveness of the automotive product line.

The Company's 4G Cat 1 modules cover different platforms such as Qualcomm, UNISOC, ASR, etc., with different package sizes, which can meet the diversified needs of customers' terminals in different countries/regions globally to the greatest extent. On February 2021, 4G Cat 1 modules such as EC600N and EC600U with ultra-low power consumption, low latency and good mobility, were launched, which will help low-carbon applications such as PV power generation, charging stations/piles and two-wheel vehicle sharing to be applied more widely.

In addition, the Company launched the LPWA module BG770A-GL with ultra-low power consumption which supports Cat M1 and Cat NB2 and integrates GNSS positioning function, the super-cost-effective MCU Wi-Fi module FC41D which supports Wi-Fi 4 + Bluetooth 5.2 and LCC PIN/IPEX/PCB antenna interfaces, the high-performance 5G combined antenna, and the dual-band GNSS L1/L5 antenna. Customized antenna services, coupled with related modules, are also provided to deliver the best wireless product performance.

The IoT cloud platform QuecCloud, independently developed by the Company, provides customers with cloud connection services, and the end-to-end integrated service of "Terminal + Connection + Platform + Application". All kinds of solutions for two-wheel vehicle sharing, BMS, intelligent power distribution, and other industries proposed during the Period help customers to conveniently and efficiently connect to the Cloud, to realize more IoT applications. In the context of the IoE, the accelerated progress of enterprises' access to the cloud further increases the market demand for cloud platforms. QuecCloud constantly offers "Cloud Capability" to the market.

### **2.3.3. Drive Future Revenues by Expansion on Automotive and 5G Business**

#### **1) Automotive modules**

The planning and continuity of product lines are crucial to automobile manufacturers. Therefore, when selecting a supplier for telematics, they will not only evaluate the products to be applied, but also strictly inspect whether the supplier has a clear and complete product planning. The Company has always been investing in the automotive field, and has developed a complete and rich product line based on different automotive platforms, which perfectly fits the demand for technical continuity of automobile manufacturers for the upgrading of smart vehicles.

The Company dominates the shipments of 4G and 4G high-speed automotive module. LTE module AG35 and LTE-A module AG52xR have accomplished the network connection of smart automobiles for more than 30 automobile manufacturers worldwide, thus accumulating rich experience in mass production. At the 2021 GGAI Automotive Marketing Summit held on April 19th, Quectel won the "2020 China ICV Factory-Installed Insurance Market-Share Leadership Award".

In terms of 5G, the 5G AG551Q-CN module and the 5G + C-V2X AG550Q-CN module successively passed CCC (China Compulsory Certification), SRRC (Radio Type Approval Certification), NAL (Telecommunication Equipment Network Access License) certifications, taking the lead in large-scale mass production. And the 5G module AG551Q-EU has successfully passed the mandatory CE certification, supporting the mass production of customers' products for overseas markets. By the end of the Period, the 5G + C-V2X AG55xQ series and AG56xN series modules have supported more than 30 vehicle models of more than 10 automobile manufacturers, energizing ICV applications with high security level.

The Company has also been committed to building a C-V2X ecosystem, and participated in C-V2X "Three Layers", "Four Layers", and "Cross-Industry" Interoperability Application

Demonstrations in three consecutive years, supporting global automobile manufacturers and Tier 1 suppliers to perform well in performance tests and demonstrations, and promoting the implementation of C-V2X projects. The Company's C-V2X AG15 series modules, are able to support commercial use of multiple vehicles, and are also the first batch of C-V2X modules of mass production in the industry, setting a good start for the global mass production of C-V2X technology. At the same time, AG15 series modules have been used in many OBU/RSU projects around the world, laying a solid foundation for the implementation of the C-V2X ecosystem.

The automotive module LG69T developed by the Company, realizes centimeter-level positioning through RTK+DR technology, which can be used for services such as automatic driving and navigation assistance. During the Period, LG69T, which is designated by several automobile manufacturers, has been applied in the mass production and achieved a breakthrough in ASIL-B (Automotive Safety Integration Level - B).

The super cost-effective automotive smart modules, which preferably support 360° panoramic view and AI applications and effectively shorten the product R&D cycle, are used in IVI. Since 2019, the 4G smart module SC60 has been mass-produced and shipped to customers. Mass production of the module for multiple Chinese domestic vehicles has been achieved after lot inspections by the market. During the Period, the 4G smart module SC665S has been preordered, and compared with SC60, its performance has been improved to better meet customers' demand. At the same time, the Company has also developed the module AG600K for automotive applications, which can be widely used by more customers that deal with preinstalled automotive devices. With the increasing coverage of the 5G network and customers' demand for product iteration, the R&D process of the 5G smart module AG800D of higher computing power, is also being accelerated, hoping to provide users with more choices in the future.

The automotive Wi-Fi 6 module AF50T has been used by many automobile manufacturers and will be mass-produced before the end of the year. The automotive Wi-Fi & Bluetooth modules support Wi-Fi 5, Wi-Fi 6 and Bluetooth 4–5.2, making up a portfolio with Quectel automotive cellular communication modules to help customers achieve the mass production of telematics products under new requirements.

With the first-mover advantage of automotive products, strong product line and global layout, the Company helps partners achieve continuous innovation, business growth and global expansion. At the same time, the Company's automotive business revenue is also steadily increasing. In the future, the Company will continue to expand its own advantages, enhance the competitiveness of the automotive product line and overall service quality, and provide more secure and reliable automotive connections for global automobile manufacturers and Tier1 partners.

## **2) 5G Module Business**

5G is a key infrastructure to support the digital, networking, and intelligent transformation of the

economy and society. In China, carriers have been expanding the 5G network layout and increasing investment in 5G, thus building the world's largest standalone 5G network. Up to now, 5G has witnessed rapid development and is in the stage of promotion and expansion. For the 5G industry, it is still necessary to further adapt the technology to real scenarios, to realize its large-scale application. As one of the main leaders of the 5G module industry, the Company has designed nearly 30 5G modules with a rich product portfolio. Customers can freely choose the most suitable module for their application scenarios as per the terminal product's demand for performance, package, applicable region, and cost. By the end of the reporting period, the Company has supported more than 1000 customers around the world with its 5G series modules to develop their terminal products for commercial use, such as smart power, smart television, drone, live video, intelligent transportation, and industrial gateways.

In April 2021, China Mobile issued an announcement on the 2021 normalization information verification of suppliers for 5G general modules, declaring the official launch of centralized procurement of 5G modules, and completed the selection and publicity of candidates on August 9. This bidding is by far the largest 5G module procurement initiated by domestic carriers, with a total procurement volume of 320,000 pieces. And the five 5G modules of Quectel, with a total of about 150,000 pieces accounting for nearly 50%, won the bidding with the largest share. It fully proves that Quectel 5G modules are taking the lead for their rich variety, stable performance, and maturity. In the critical period when 5G technology is moving toward large-scale application, mature 5G modules play a crucial role in assisting every industry to develop terminal products and accelerating the expansion and popularity of 5G technology. Carriers' acceleration in their large-scale procurement indicates that 5G development has entered the "fast lane" and the 5G technology will further improve the intelligence and interconnection of thousands of industries to speed up the realization of industry upgrading and digital transformation.

In the overseas market, there is an increasing demand in the downstream fields of the 5G network due to the impact of the COVID-19 pandemic and the enhanced 5G network construction, among which the 5G FWA is the first area to achieve mass commercial use. Many overseas countries covering a vast territory but sparsely populated have a limited layout of the optical fiber network. As a result, there is a strong demand for 5G FWA in many scenarios, such as home, industrial router/gateway, enterprise router/gateway/SDWAN, and MiFi for business and travel. During the reporting period, terminal products equipped with Quectel 5G modules achieved large-scale commercialization in the FWA projects implemented by carriers in North America, Europe, and Australia, bringing the extreme speeds of 5G networks to families, enterprises, warehouses in construction sites, stores, etc.

Providers need to obtain local regulatory certifications before putting cellular communication modules into the local market, and to be qualified for such certifications requires high quality (i.e., performance, reliability, and compatibility) of products. The Company has a professional certification team and certification engineers particularly for assisting in the application for overseas certificates. By the end of the reporting period, the Company has obtained 91 certificates for its 5G products, such as domestic regulatory certifications including CCC/SRRC/NAL; domestic carrier certifications from China Mobile, China Unicom, and China Telecom; overseas regulatory certifications including FCC/IC in North America, CE in Europe,

RCM in Australia, and KC/JATE/TELEC in Japan and Korea; and overseas carrier certifications from T-Mobile/AT&T in North America, Telstra in Australia, and LGU+/KT in South Korea. The Company has built a solid technical and time barrier in 5G certification, which accelerated its large-scale shipment of 5G modules and boosted the increase of market share.

### 2.3.4. Fundraising fuels Quectel's production capacity improvement

According to the *Reply to the Approval of the Non-Public Offering of Shares by Shanghai Quectel Wireless Solutions Co., Ltd.* (CSRC Approval Number: [2021] 174) released by the China Securities Regulatory Commission, the Company non-publicly issued 4,807,714 shares of RMB ordinary stock (A-shares) at the offering price of RMB221.20 per share, raising total proceeds of RMB1.063 billion. RMB1.061 billion, the net proceeds of the fund raised after deducting the issuance expenses, was received in March 2021.

Among them, the "Global Intelligent Manufacturing Center Construction Project" proposes to build 20 production lines in Changzhou, which will reach an annual production capacity of 90 million pieces of wireless communication modules by the year of production. In the future, the Company will increase production lines according to its business development and production demand. By the end of the reporting period, Changzhou Intelligent Manufacturing Center has set up 10 production lines for SMT modules and upgraded some automatic testing production lines, which can promote the efficiency of the production line and improve production capacity to better satisfy customers' needs.

## 3. Financial Reports

### 3.1. Consolidated Balance Sheet

Period: Jun. 30, 2021

Name of enterprise: Quectel Wireless Solutions Co., Ltd.

Unit: Yuan Currency: RMB

Items	Jun. 30, 2021	Dec. 31, 2020
<b>Current Assets:</b>		
Cash and bank balances	630,247,381.96	610,586,920.47
Financial assets held for trading	532,307,324.21	
Accounts receivable	1,044,774,421.04	871,530,879.09
Accounts receivable financing	477,100,984.75	398,913,363.61
Prepayments	77,943,335.37	88,414,738.74
Other receivables	69,822,774.40	42,368,946.26
Inventories	2,873,969,748.21	1,438,194,584.07
Other current assets	634,809,204.57	261,420,150.49
<b>Total current assets</b>	<b>6,340,975,174.51</b>	<b>3,711,429,582.73</b>
<b>Non-current Assets:</b>		
Long-term equity investment	39,907,671.21	40,454,408.69

Other equity instrument investment	60,000,000.00	60,000,000.00
Fixed assets	896,444,537.09	571,514,752.29
Construction in process	15,022,888.17	23,904,831.58
Right-of-use assets	50,413,906.01	
Intangible assets	107,996,336.45	93,892,521.03
Long-term deferred expenses	74,219,160.66	68,401,355.42
Deferred tax assets	6,993,411.67	16,075,215.23
Other non-current assets	5,939,272.86	15,573,423.68
<b>Total non-current assets</b>	<b>1,256,937,184.12</b>	<b>889,816,507.92</b>
<b>Total assets</b>	<b>7,597,912,358.63</b>	<b>4,601,246,090.65</b>
<b>Current Liabilities:</b>		
Short-term borrowings	1,301,614,567.86	873,005,577.06
Trading Financial Liabilities	8,904,549.60	30,414,901.58
Notes payable	556,856,195.06	270,117,823.98
Account payable	2,173,638,937.31	1,224,867,557.32
Contract liability	82,387,888.07	69,260,718.27
Employee salaries payable	108,343,407.20	159,458,055.54
Taxes payable	8,281,656.84	10,123,809.41
Other payables	23,355,005.14	1,761,488.14
Interest payable		
Dividend payable	13,665,990.60	
Non-current liabilities that will come due within one year	15,630,846.52	
Other current liabilities	7,037,337.47	4,109,860.41
<b>Total current liabilities</b>	<b>4,286,050,391.07</b>	<b>2,643,119,791.71</b>
<b>Non-current Liabilities:</b>		
Long-term borrowings	257,477,500.00	89,450,000.00
Contract liability	34,732,670.11	
Deferred revenue	5,000,000.00	
<b>Total non-current liabilities</b>	<b>297,210,170.11</b>	<b>89,450,000.00</b>
<b>Total liabilities</b>	<b>4,583,260,561.18</b>	<b>2,732,569,791.71</b>
<b>Shareholders' Equity:</b>		
Share capital	145,370,828.00	107,016,000.00
Capital reserve	2,191,500,062.85	1,164,264,045.66
Other comprehensive income	4,022,198.80	79,126.96
Surplus reserve	52,975,347.58	52,975,347.58
Retained earnings	620,783,360.22	544,341,778.74
<b>Total equity attributable to parent company</b>	<b>3,014,651,797.45</b>	<b>1,868,676,298.94</b>
<b>Total shareholders' equity</b>	<b>3,014,651,797.45</b>	<b>1,868,676,298.94</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,597,912,358.63</b>	<b>4,601,246,090.65</b>



### 3.2. Consolidated Income Statement

Period: Jan. to Jun., 2021

Unit: Yuan Currency: RMB

Items	Half Year of 2021	Half Year of 2020
<b>I. Revenue</b>	4,315,558,066.54	2,497,180,222.72
Including: Operating revenue	4,315,558,066.54	2,497,180,222.72
<b>II. Total operating costs</b>	4,211,583,848.69	2,445,454,312.63
Including: Costs of sales	3,535,855,395.36	1,988,965,756.66
Taxes and surcharges	8,555,425.48	4,037,799.77
Selling expenses	123,146,621.35	105,596,564.82
Administrative expenses	102,741,861.11	75,117,117.51
Research and development expenses	443,535,882.43	261,774,941.07
Finance expenses	-2,251,337.04	9,962,132.80
Including: Interest expenses	8,664,032.50	6,630,483.04
Interest income	3,344,936.41	1,840,703.70
Add: Other income	16,300,190.60	19,766,467.05
Investment income (loss expressed with "-")	-8,392,126.64	2,768,736.08
Fair value gains (loss expressed with "-")	5,165,560.31	
Credit impairment losses (loss expressed with "-")	27,032,421.25	-9,056,366.45
Asset impairment losses (loss expressed with "-")	-4,058,632.32	-3,997,279.52
Gains/loss on asset disposal (loss expressed with "-")	-12,630.00	-128,036.03
<b>III. Operating profit (loss expressed with "-")</b>	140,009,001.05	61,079,431.22
Add: Non-operating income	2,580,939.95	8,418,129.58
Subtract: Non-operating expenses	36,461.82	1,354,088.87
<b>IV. Total profit (loss expressed with "-")</b>	142,553,479.18	68,143,471.93
Subtract: Income tax expenses	9,081,803.56	-1,513,812.96
<b>V. Net profit (loss expressed with "-")</b>	<b>133,471,675.62</b>	<b>69,657,284.89</b>
1. Net profit from continuing operations (loss expressed with "-")	133,471,675.62	69,657,284.89
2. Net profit attributable to shareholders of the parent company (loss expressed with "-")	133,471,675.62	69,657,284.89
<b>VI. Other comprehensive income (net of tax)</b>	3,943,071.84	118,758.02

A. Other net comprehensive incomes attributable to owners of the parent	3,943,071.84	118,758.02
Other comprehensive income to be reclassified into profit or loss	3,943,071.84	118,758.02
(1) Foreign currency exchange reserves	3,943,071.84	118,758.02
<b>VII. Total comprehensive income</b>	<b>137,414,747.46</b>	<b>69,776,042.91</b>
A. Total comprehensive income attributable to shareholders of the parent	137,414,747.46	69,776,042.91
<b>VIII. Earnings per share</b>		
(1) Basic earnings per share (Yuan/share)	0.93	0.48
(2) Diluted earnings per share (Yuan/share)	0.93	0.48

### 3.3. Consolidated Cash Flow Statement

Period: Jan. to Jun., 2021

Unit: Yuan Currency: RMB

Items	Half Year of 2021	Half Year of 2020
<b>I. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	3,685,558,328.00	2,566,309,779.74
Refunds of taxes	251,330,138.28	160,731,251.29
Cash received from other operating activities	27,863,598.01	31,551,495.88
Sub-total of cash inflows from operating activities	3,964,752,064.29	2,758,592,526.91
Cash paid for goods and services	3,849,236,795.90	2,656,153,296.24
Cash paid to and on behalf of employees	553,131,723.67	290,826,818.46
Cash paid for all types of taxes	16,371,985.41	19,858,866.60
Cash paid for other operating activities	162,474,668.92	116,111,588.51
Sub-total of cash outflows from operating activities	4,581,215,173.90	3,082,950,569.81
<b>Net cash flows from operating activities</b>	<b>-616,463,109.61</b>	<b>-324,358,042.90</b>
<b>II. Cash flows from investing activities</b>		
Cash received from disposal or returns of investments		460,000,000.00
Cash received from returns on investments		3,886,791.64
Net cash received from the disposal of fixed assets, intangible assets and other long-term	3,340.00	1,600.00

assets		
Sub-total of cash inflows from investing activities	3,340.00	463,888,391.64
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	408,879,477.76	204,497,076.46
Cash paid for the acquisition of investment	530,000,000.00	161,000,000.00
Sub-total of cash outflows from investing activities	938,879,477.76	365,497,076.46
<b>Net cash flows from investing activities</b>	<b>-938,876,137.76</b>	<b>98,391,315.18</b>
<b>III. Cash flows from financing activities</b>		
Cash received by absorbing investments	1,060,856,140.84	
Cash received from borrowings	1,065,555,563.91	642,594,901.49
Sub-total of cash inflows from financing activities	2,126,411,704.75	642,594,901.49
Cash repayments of borrowings	484,251,758.96	176,840,662.94
Cash paid for distribution of dividends, profits or for interest expenses	57,341,396.31	49,189,941.33
Other cash paid related to financing activities	9,076,669.26	
Sub-total of cash outflows from financing activities	550,669,824.53	226,030,604.27
<b>Net cash flows from financing activities</b>	<b>1,575,741,880.22</b>	<b>416,564,297.22</b>
<b>IV. Effect of exchange rate fluctuation on cash and cash equivalents</b>	<b>-741,693.71</b>	<b>974,022.05</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>19,660,939.14</b>	<b>191,571,591.55</b>
Add: Balance of cash and cash equivalents at the beginning of the period	610,486,442.82	597,574,871.10
<b>VI. Balance of cash and cash equivalents at the end of the period</b>	<b>630,147,381.96</b>	<b>789,146,462.65</b>