



# iFLYTEK Co., Ltd. Interim Report 2024



CREATE A BETTER WORLD WITH  
ARTIFICIAL INTELLIGENCE

## **Section I Important Notice, Contents and Definitions**

**The Board of Directors, Supervisory Board, and all senior management members of iFLYTEK Co., Ltd. (the "Company") collectively guarantee the truthfulness, accuracy, and completeness of the information in this Interim Report, affirming the absence of any false records, misleading statements, or significant omissions, and accept full joint and severable legal accountability for its contents.**

**Liu Qingfeng, the Company's Chairman; Wang Ming, the person responsible for accounting; and Zhao Linyue, the head of the accounting department (accounting supervisor), hereby declare that the financial statements in this Interim Report are authentic, accurate, and complete.**

**All directors were present at the Board of Directors meeting that reviewed this Interim Report.**

**In "Section III: Management Discussion and Analysis," under "X. Company's Risks and Countermeasures," the Company analyzes potential risks it faces along with corresponding countermeasures, and invites investors to pay attention to these details.**

**The Company plans not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital.**

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## **List of Documents for Inspection**

1. Financial statements signed and sealed by the legal representative, the person responsible for accounting, and the head of the accounting department.
2. Originals of all company documents and announcements publicly disclosed in the newspapers designated by the China Securities Regulatory Commission (CSRC) during the reporting period; and
3. The original Interim Report 2024 signed by the Chairman.

## Definitions

Term	refers to	Definition
Artificial Intelligence (AI)	refers to	Artificial Intelligence (AI) is an emerging field of technical science that involves the research and development of theories, methods, technologies, and application systems aimed at simulating, extending, and enhancing human intelligence. AI refers to artificial programs or systems capable of perceiving, recognizing, deciding, and acting like humans. Perceptual intelligence enables machines to "hear and speak, see and recognize," primarily involving technologies such as speech synthesis, speech recognition, image recognition, and multilingual voice processing. Cognitive intelligence allows machines to "understand and think," encompassing services such as educational evaluations, medical diagnostic aids, judicial assistance in courtrooms, intelligent customer support, and machine translation.
iFLYTEK Spark	refers to	Known as iFLYTEK Spark, this is a new-generation cognitive large language model (LLM) launched by iFLYTEK. It possesses cross-domain knowledge and language understanding capabilities, capable of understanding and executing tasks based on natural conversational interactions. It continuously evolves from massive data and extensive knowledge to achieve a full-process closed loop from proposing and planning to solving problems. iFLYTEK Spark has seven core capabilities: text generation, language understanding, knowledge-based Q&A, logical reasoning, mathematical ability, coding ability, and multimodal capacity. iFLYTEK Spark is empowering various industries, accelerating application implementation, collaborating with leading companies in multiple fields to set benchmarks for LLM applications, and co-creating the Spark ecosystem with individual users, developers, and corporate institutions.
Intelligent Speech	refers to	This technology enables machines to "listen and speak" like humans. It encompasses technologies such as speech recognition (automatically converting speech to text), speech synthesis (automatically converting text to speech), voiceprint recognition (identifying the speaker), and language recognition (identifying languages and dialects). These technologies are part of perceptual intelligence within artificial intelligence and serve as the core supporting technologies for the transformation of human-machine voice interaction.
Speech Synthesis	refers to	This technology automatically converts text to speech using machines.
Speech Recognition	refers to	This technology automatically converts speech signals into text and related information using machines.
Speech Evaluation (Spoken Language Evaluation)	refers to	This technology enables machines to automatically assess pronunciation levels, detect errors, and provide correction instructions.
Image Recognition	refers to	This technology uses computers to process, analyze, and understand images to recognize objects and patterns across various models.
Machine Translation	refers to	This is the process of using a computer to translate text from one natural language (the source language) to another (the target language). It is also known as automatic translation.
Natural Language Understanding	refers to	An important branch of research in computer science and artificial intelligence, it focuses on the theories and practices that enable effective communication between humans and computers using natural languages. Its ultimate goal is to enable computers to understand and use natural languages, such as Chinese and English, to facilitate natural language communication between humans and machines. This aims to replace part of human mental labor, including information retrieval, answering questions, excerpting documents, compiling

		data, and handling all other tasks related to natural language.
“Super Brain 2030” Plan	refers to	Launched in 2022, this ambitious plan sets a strategic roadmap for advancing the company’s technological and product development over the medium to long term. This visionary plan aims to develop a complex intelligent system based on cognitive intelligence that enhances human-machine collaboration and self-evolution. This plan focuses on creating machines that surpass human perceptual abilities, deeply understand specialized domain knowledge, and continuously evolve autonomously. These machines are envisioned to fully perceive humans and their environments, possess emotional intelligence, and demonstrate flexible mobility and multi-dimensional expression. Aimed at integrating advanced family companion robots into numerous households, the core objective of this plan is to leverage artificial intelligence to address emerging social challenges and meet essential future demands, positioning iFLYTEK as a leader in global AI innovation.

## Section II Company Information and Financial Highlights

### I. Company Information

Stock Name	iFLYTEK	Stock Code	002230
Stock exchange	Shenzhen Stock Exchange		
Company Name in Chinese	科大讯飞股份有限公司		
Name Abbreviation in Chinese (if any)	科大讯飞		
Company Name in English (if any)	iFLYTEK CO.,LTD		
Name Abbreviation in English (if any)	iFLYTEK		
Legal Representative of the Company	Liu Qingfeng		

### II. Contact Information

	Secretary of the Board	Representative
Name	Jiang Tao	Chang Xiaoming
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Fax	0551-65331802	0551-65331802
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### III. Other Relevant Information

#### 1. Change to contact information

Is there change to the Company's registered address, office address and postal code, company website, email address during this reporting period?

Yes  No

No change has occurred to the Company's registered address, office address and postal code, company website, email address, etc., during the reporting period. For details, please refer to the Company's 2023 Annual Report.

#### 2. Change to outlets and websites for disclosure and the location where copies of this Interim Report is kept

Is there any change to the outlets and websites for disclosure and the location where copies of this Interim Report is kept during this reporting period?

Yes  No

The websites of the stock exchange and media outlets where the Company discloses its Interim Report, as well as the location where copies of this report are kept, have not changed during this reporting period. For details, please refer to the Company's 2023 Annual Report.

#### 3. Change to other relevant information

Is there any change to other relevant information during this reporting period?

Yes  No

## IV. Financial Highlights

Does the Company need to retroactive adjust or restate accounting data for previous years?

Yes  No

Item	H1 2024	H1 2023	Change (increase/decrease)
Operating Revenue (RMB yuan)	9,324,545,041.14	7,841,552,405.17	18.91%
Net profit attributable to the Company's shareholders (RMB yuan)	-400,665,617.21	73,571,996.11	-644.59%
Net profit excluding non-recurring profits and losses attributable to the Company's shareholders (RMB yuan)	-483,098,935.79	-304,109,160.61	-58.86%
Net cash flows from operating activities (RMB yuan)	-1,535,556,254.51	-1,528,741,829.11	-0.45%
Basic earnings per share (RMB yuan)	-0.1736	0.0318	-645.91%
Diluted earnings per share (RMB yuan)	-0.1729	0.0318	-643.71%
Weighted average return on net assets (%)	-2.36%	0.44%	-2.80%
Item	End of H1 2024	End of 2023	Change (increase/decrease)
Total assets (RMB yuan)	38,256,440,253.38	37,831,122,978.15	1.12%
Net assets attributable to the Company's shareholders (RMB yuan)	16,656,438,953.58	17,032,284,511.72	-2.21%

**Note:** For more reasons behind the changes in net profit attributable to the Company's shareholders and net profit excluding non-recurring profits and losses attributable to the Company's shareholders, please refer to "III. Analysis of Core Business Activities: 1. Overview" under Section III below.

## V. Differences in Accounting Data under Chinese and International Accounting Standards

### 1. Differences in Net Profit and Net Assets in Financial Reports Prepared Under IFRS and CAS

Applicable  Not applicable

There were no differences in net profit and net assets between financial reports prepared under the International Financial Reporting Standards (IFRS) and the Chinese Accounting Standards (CAS) during this reporting period.

### 2. Differences in Net Profit and Net Assets in Financial Reports Prepared Under Overseas Accounting Standards and CAS

Applicable  Not applicable

The company did not experience any differences in net profit and net assets between financial reports prepared under overseas accounting standards and the Chinese Accounting Standards (CAS) during this reporting period.

## VI. Non-recurring Profits and Losses: Items and Amounts

Applicable  Not applicable

In RMB yuan

Item	Amount
Gain or loss on disposal of non-current assets (including the write-off of provisions for impairment losses)	-1,382,878.19
Government grants recorded in current profits or losses (excluding those that are closely related to the company's normal operations, comply with national policies, and are consistently provided in a predetermined standard amount or quota that have a lasting impact on the company's profits and losses)	62,849,478.72
Gains or losses from changes in the fair value of financial assets and financial liabilities held for trading and derivatives, and investment income from the disposal of these assets and liabilities, except for effective hedging related to the Company's	96,777,872.51



normal operations	
Gains or losses on entrusting others with investment or asset management	318,402.59
Other non-operating incomes and expenses, except for the above items	-64,580,341.20
Less: Income tax impact	12,177,641.51
Impact on non-controlling interests (after tax)	-628,425.66
Total	82,433,318.58

**Clarification of other items of profits and losses qualified as non-recurring profits and losses**

Applicable     Not applicable

There are no other profits and losses that meet the definition of non-recurring profits and losses.

Clarification of circumstances where non-recurring profits and losses, as listed in Explanatory Announcement No. 1 on Information Disclosure for Publicly Traded Companies — Non-Recurring Profits and Losses, are categorized as recurring profits and losses

Applicable     Not applicable

The Company does not have any circumstances where non-recurring profits and losses, as listed in Explanatory Announcement No. 1 on Information Disclosure for Publicly Traded Companies — Non-Recurring Profits and Losses, are categorized as recurring profits and losses.

## Section III Management Discussions and Analysis

### I. Business Highlights During This Reporting Period

#### 1. Industry Overview

The Company complies with the disclosure requirements for the software and information technology services industry as stipulated in the Guidelines of Self-Regulation for Companies Traded on Shenzhen Stock Exchange No. 3: Industry Information Disclosure.

Since 2023, the emergence of cognitive large language models like ChatGPT have demonstrated significant advancements towards general artificial intelligence, marking a major technological leap in AI development. This has triggered a global surge in large language models, attracting major tech companies, significant governmental interest, and widespread industry adoption, which collectively highlight the vast potential of these technologies to initiate a new growth era. In April 2023, Goldman Sachs forecasted that generative AI, driven by these large language models, would increase global GDP by 7% over the next decade, amounting to nearly 7 trillion US dollars. Further emphasizing this trend, Gartner's October 2023 report predicted that over 80% of businesses will deploy generative AI by 2026.

Continuous breakthroughs in AI development and its vast potential for growth are providing strong momentum across the entire industry chain, transforming AI from a beneficial supplement to a core driver of digital and intelligent industry transformation. This shift moves the focus from “+AI” to “AI+”. As a pivotal force in the latest industrial revolution, AI is rapidly becoming as fundamental as water and electricity, empowering diverse sectors and promoting societal progress and development.

In terms of industry policy, artificial intelligence has been included in China's National Program for Medium and Long-term Science and Technology Development (2021-2035), which serves as a prominent example of the robust government support for the sustained development of the AI industry.

- **January 31, 2024:** During the 11th collective study session of the 20th Politburo of the CPC Central Committee, General Secretary Xi Jinping stressed the need “to strengthen scientific and technological innovation, especially original and disruptive innovations, accelerate the efforts to boost self-reliance and strength in science and technology, and do a good job in making breakthroughs in core technologies in key fields, so that original and disruptive scientific and technological innovations can emerge one after another, and foster more momentum for the development of new productive forces.”
- **March 2024:** The government work report delivered to the National People's Congress further proposed to “step up R&D and application of big data and AI” and to launch its AI+ initiative, underscoring the critical role of AI in promoting economic and social development.
- **June 2024:** The Ministry of Industry and Information Technology, the Cyberspace Administration of China, the National Development and Reform Commission, and the National Standards Committee jointly issued the Guidelines for Comprehensive, Standard and Systematic Development of the Artificial Intelligence Industry (2024),” demonstrating a strong commitment to the systematic planning of AI development efforts and accelerating the establishment of a standards system that aligns with the high-quality development goals of the AI industry and empowerment for “AI+”.
- **July 4, 2024:** Premier Li Qiang of the State Council, at the 2024 World AI Conference and High-level Meeting on Global AI Governance, announced that China will work to achieve the innovative development of artificial intelligence.

- **July 2024:** The Third Plenary Session of the 20th CPC Central Committee emphasized "boosting self-reliance and strength in science and technology," "fully leveraging the strengths of the new system for mobilizing resources nationwide to improve China's performance innovation across the board," "developing new productive forces characterized by high technology, high efficiency, and high quality," "updating policies and governance systems that promote the development of strategic industries like next-generation IT and AI," and "recognizing the principal role of businesses in technological innovation, establishing mechanisms to nurture and grow leading technology companies," reflecting the CPC Central Committee's resolve to support technological innovation.

The gradual introduction and implementation of supportive industry policies will fuel the advancement of China's AI technology and the accelerated development of the industry, ultimately supporting the high-quality development of China's economy. A favorable policy and macro environment is emerging for enterprises to drive core technology innovation and the scaled industrial implementation of artificial intelligence.

## **2.Business Overview**

Since its inauguration, iFLYTEK has adhered to a "reaching for the sky, rooted on the ground" development strategy. "Reaching for the sky" refers to maintaining a leading international position in core technologies, while "rooted on the ground" involves the scaled industrial application of technological achievements. The Company continues to focus on core underlying AI technologies such as intelligent speech, natural language understanding, multimodal intelligence, and cognitive intelligence, managing to always remain at the cutting edge of the world. It actively promotes the research and development of AI products and their application in various industries, committed to making machines that can listen, speak, understand and think, and creating a better world with AI.

iFLYTEK launched its advanced large language model, known as "iFLYTEK Spark", on May 6, 2023, building on its long-term development of foundational core technologies. This model is undergoing continuous, rapid enhancements and iterations. Through rigorous, systematic, and authoritative evaluations, iFLYTEK Spark has established itself as a leader among testable large language models developed by Chinese companies. It now serves as the foundational platform for the Company's AI industrialization, playing an increasingly crucial role across various business sectors and in the operation of its open platform.

iFLYTEK has adopted a two-prong "platform + business" approach, positioning itself as a leader in China's AI industry. Through the iFLYTEK Open Platform, one of the first national new-generation AI open innovation platforms, the Company empowers developers with 708 AI capabilities and delivers comprehensive AI solutions. This initiative is continuously broadening the AI industry ecosystem, with a particular focus on key sectors such as education, healthcare, smart cities, telecommunications, automotive, and finance. iFLYTEK sets practical, scalable, and verifiable benchmarks for AI applications, establishing sustainable "strategic bases". Additionally, the Company has secured a prominent market position and reliable revenue streams through consumer products, including AI learning devices, smart notebooks, recorders, translators, hearing aids, and iFLYREC .

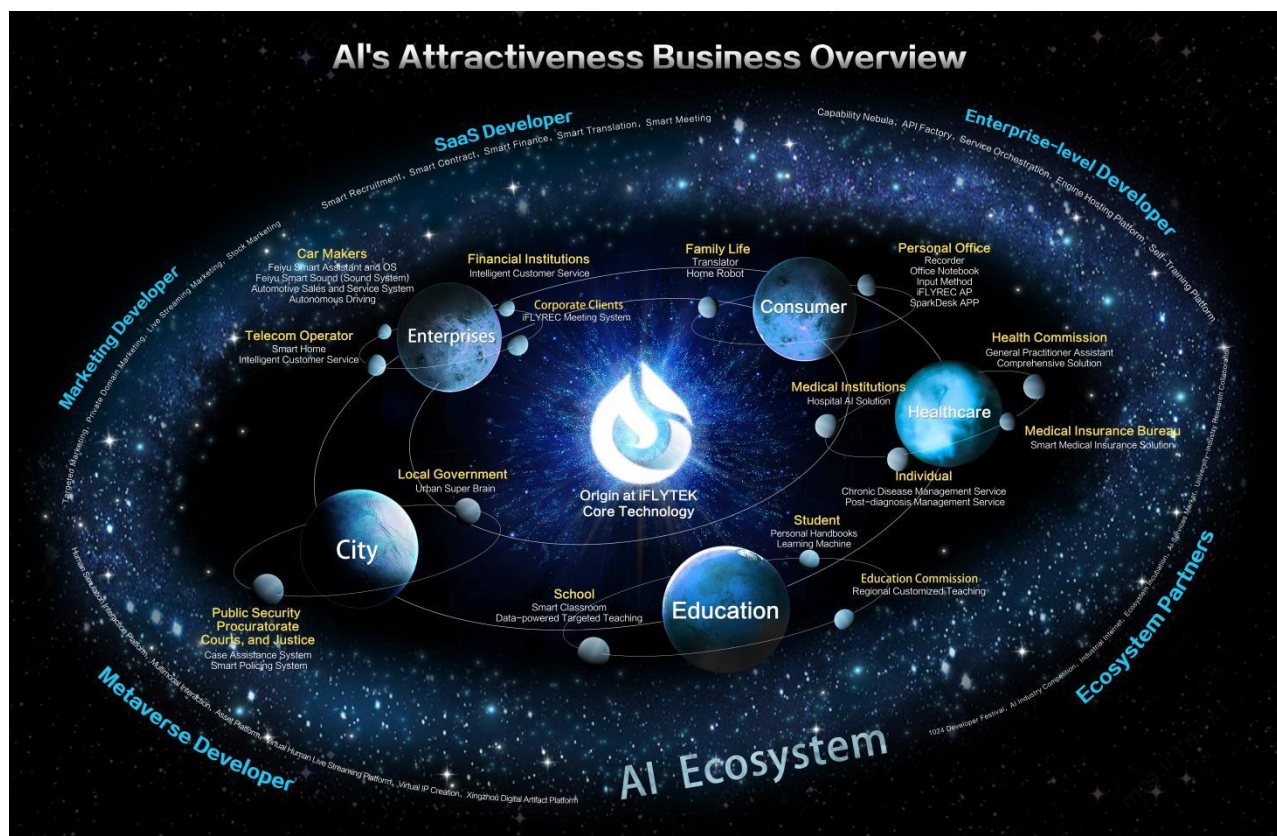


Figure 1: Overview of iFLYTEK'S key businesses

### 3. Major Business Developments During this Reporting Period

#### iFLYTEK'S Large Language Model: iFLYTEK Spark

As China's leading artificial intelligence company, iFLYTEK has built the country's State Key Laboratory for Cognitive Intelligence and the National Engineering Research Center of Speech and Language Information Processing. The Company has exceptional expertise in deep learning and natural language processing. Significant early technological breakthroughs include the first AI systems to pass China's National Practicing Physician Qualification Examination and China Accreditation Test for Translators and Interpreters (CATTI) at level II for Chinese-English interpreting, and machine reading comprehension capabilities that exceeded the average human performance in the SQuAD 2.0 challenge.

Building on its long-term expertise and robust foundations in AI, iFLYTEK launched its large language model, known as 'iFLYTEK Spark', on May 6, 2023, which continues to be upgraded iteratively. In numerous rigorous, scientific, and authoritative third-party evaluations, iFLYTEK Spark consistently ranks first among testable large language models developed by Chinese companies. For instance, according to an evaluation report by the Xinhua Institute released in August 2023, iFLYTEK Spark topped the overall rankings with the highest IQ and the strongest tool efficiency capability among Chinese large language models. Furthermore, a report by the Development Research Center of the State Council in January 2024 stated that iFLYTEK Spark possesses the best comprehensive capabilities among Chinese models and is internationally first-class.

Continual upgrades and iterations of iFLYTEK Spark: On January 30, 2024, iFLYTEK Spark V3.5, an open model trained on China's first fully domestic TH/s computing platform Feixing-1, was released, surpassing ChatGPT-4 Turbo in language understanding, mathematical abilities, and voice interaction capabilities, possessing 96% of ChatGPT-4 Turbo's code and 91% of GPT-4V's multimodal understanding capabilities.

Additionally, iFLYTEK has released its first voice model using iFLYTEK Spark's foundational capabilities, surpassing OpenAI Whisper V3 across 37 languages in voice recognition and elevating the MOS score by 0.25 on average across 40 languages in voice synthesis, achieving a near-human synthesis MOS of 4.5 with 83% human likeness.

On April 26, iFLYTEK released iFLYTEK Spark V3.5, which supports long texts, extended mixed media content, and long voice inputs. This update introduced the iFLYTEK Spark image-text recognition model, featuring multi-emotion hyper-realistic synthesis and single-sentence voice replication capabilities.

On June 27, iFLYTEK Spark V4.0 was released. iFLYTEK Spark V4.0 is the only fully autonomously controlled, domestically powered (trained on China's first fully domestic TH/s computing platform Feixing-1) open large model in China, and it matches up comprehensively with ChatGPT-4 Turbo. iFLYTEK Spark 4.0 excels in 8 out of the 12 mainstream test sets in Chinese and English, both domestic and international. iFLYTEK Spark's voice model made further breakthroughs, possessing dialogue capabilities in 74 languages/dialects without the need for switching, solving the challenges of voice recognition under strong interference, and capable of voice transcription in challenging and complex circumstances.

Strengthening domestic computation foundations to ensure the sustainable development of AI in China: iFLYTEK, listed on the US Entity List and successfully countering extreme pressures, has gradually achieved full autonomy in core technology research and product development. The core capabilities developed under these conditions have given iFLYTEK a first-mover advantage in developing autonomously controllable large language models. In collaboration with Huawei, iFLYTEK is building computation foundations for general AI in China, placing domestic large models on a platform of self-developed hardware and software, achieving full autonomous control over the core technological infrastructure of these large models.

On October 24, 2023, iFLYTEK, in collaboration with Huawei, announced the official launch of Feixing-1, China's first fully domestic trillion-parameter computing platform designed to support the training of large language models. On January 30, 2024, iFLYTEK released its updated large language model, iFLYTEK Spark V3.5, which is a hundred-billion-parameter model trained on the Feixing-1 platform. This model boasts outstanding performance indicators within China, confirming the reliability of Feixing-1. Then, on June 27, iFLYTEK launched SparkV4.0, also based on Feixing-1. This update enhanced seven core capabilities and achieved parity with ChatGPT-4 Turbo, further demonstrating the effectiveness of this computational platform.

Empowering the iFLYTEK Open Platform, Accelerating AI Ecosystem Development: On its Open Platform, the Company offers 708 AI capabilities and foundational capabilities of its large language model to developers/teams, fostering an ecosystem with an API matrix and a comprehensive third-party plugin market. It also engages in industry collaborations and empowerment initiatives with startups and universities. From January 30, 2024, when iFLYTEK Spark V3.5 was released, to June 30, 2024, the number of developers on the iFLYTEK Open Platform grew from 5.98 million to 7.06 million. The platform also supports more than 400,000 overseas developers and 580,000 large model developers. For enterprises, the Company is enhancing industry empowerment, developing innovative applications of iFLYTEK Spark together with over 360,000 corporate clients, and has partnered with leading companies like Chery Automobile, Pacific Insurance, Bank of Communications, National Energy Group, and China Mobile to create benchmarks in industry-specific large model applications, accelerating industrial upgrades.

To accelerate the development of an original developer ecosystem, iFLYTEK launched the first open-source large model, Spark-13B, on January 30, 2024. This model provides developers, universities, and businesses with a comprehensive, independent, controllable, and free Spark optimization suite. It is not only highly optimized for domestic computational resources but also delivers leading application performance in various scenarios. This supports enhanced academic collaborations and industry explorations.

Enabling diverse business applications: Since the official release of iFLYTEK Spark, it has achieved significant industrial application results across various business areas of the Company, including education, healthcare, consumer platforms, smart cities, and telecommunications.

## 1. Smart Education

In the field of education, guided by its commitment to "using artificial intelligence to aid education and provide personalized instructions to realize dreams," iFLYTEK works to address major educational issues. By deeply integrating AI technologies in educational and teaching scenarios, and leveraging its foundational large model technologies, iFLYTEK provides targeted and convenient services to students, teachers, and education administrators at all levels. This facilitates the accumulation and application of data in the teaching and learning processes, helps reduce burdens and increase efficiency for teachers and students alike, and thus promotes educational progress. Currently, iFLYTEK's smart education products are used in 32 provincial regions across China as well as in overseas markets like Japan and Singapore.

iFLYTEK's smart education endeavors revolve around the goals of "reducing student homework burden while improving learning quality; reducing exams while scientifically assessing learning effectiveness; and promoting balanced education development while aligning with the goal of building a technologically advanced nation." In line with national and regional strategies for achieving digital transformation in education and high-quality educational development, iFLYTEK systematically constructs a business system tailored to customers on three sides: G (government), B (business), and C (consumer): G-side business mainly focuses on regional development, including the county/district level, offering comprehensive education solutions for local educational administrators and customized solutions for individual school teachers and students; B-side business primarily targets school infrastructure, offering smart blackboards, smart classrooms, big data-driven targeted teaching assistance, English listening and speaking classes, digital homework, and innovative education solutions; and C-side business primarily aims at parents as direct purchasers, offering products such as AI learning devices, personalized learning guides, and after-school services.

In his report to the 20th National Congress of the Communist Party of China, General Secretary Xi Jinping promised to "promote the digitalization of education and build a society and country of learning where lifelong learning is pursued by all." It was the first time that "digitalization of education" was included as a goal in an official report delivered to the national congress of the CPC. In January 2024, Chinese Minister of Education Huai Jinping stressed at the 2024 World Digital Education Conference that China "needs to place high importance on the digitalization of education, treating it as a crucial breakthrough for pioneering new pathways in educational development and shaping new advantages." On May 24, Deputy Minister of Education Wu Yan announced at the Digital China Summit that China would implement an action plan to advance the application of large AI models in the education sector. This plan includes accelerating the development of an education-specific large AI model, designed to harness AI's capabilities to enhance personalized learning experiences. This initiative aims to achieve the long-standing goal of personalized education, adapting teaching methods and materials to the needs and abilities of individual students. On July 19, Minister Huai Jinping stated at a press conference held by the CPC Central Committee that China is committed to advancing the development of smart campuses, deploying large AI models tailored for the education sector to enable mass personalized education and foster innovative and personalized teaching methods, aiming to substantially enhance the quality of education to meet the public's expectations. This initiative represents a strategic effort to integrate advanced technologies into educational activities, thereby enhancing educational outcomes and experiences across the country. The aforementioned policies have created a favorable environment for the seamless integration of information technology and educational practices through advanced artificial intelligence applications. Furthermore, these

policies offer strong support for iFLYTEK’s deployment of comprehensive, scenario-based smart education solutions.

### **1.1 Promotion of region-specific personalized education solutions**

During the reporting period, iFLYTEK significantly expanded its personalized teaching solutions in five regions: Fugu County in Shaanxi Yulin, Zhuji City in Zhejiang, Pingtan Comprehensive Pilot Zone in Fujian, Jingzhou City in Hubei, and Changchun City in Jilin. These efforts supported the “Double Reduction” initiative as part of China’s ongoing education reform, notably with a smart homework project in Xiaoshan District, Zhejiang. Collaborating with the Hubei Provincial Department of Education, iFLYTEK helped establish a provincial-level education data center, setting benchmarks and advancing the digital transformation and quality development of education. To date, iFLYTEK’s personalized education solutions have been implemented in over 60 cities, districts, and counties, proving effective in reducing workload and increasing efficiency for teachers and students alike. This scaled application has increased the efficacy of regional teaching management through digital tools, with intelligent teaching assistants significantly easing teachers' grading and planning burdens. Additionally, it has developed student-centered learning profiles, increased teaching effectiveness, tailored instruction to individual learning needs, and shifted away from rote learning methods. These widespread applications have markedly enhanced teaching quality in these regions.

In the same period, intelligent grading technology has been successfully applied in paper grading for college entrance exams across 14 provinces and cities. In 2024, the application of this technology in paper grading extended to cover college entrance exams in one additional province and 3 cities, along with the middle school exams in 3 more prefecture-level cities. Now, it covers college entrance exams in 25 provincial regions and middle school exams in 111 cities, enhancing the accuracy and efficiency of grading.

### **1.2 Enhancing product value in school scenarios**

In the classroom, the “Three New” teaching reform is deepening with an extensive roll-out of personalized and innovative teaching methods. In response, iFLYTEK has upgraded and integrated its previously separate and independent smart classroom and smart window products into a unified, green, safe, and intelligent “classroom product system”. This integration has led to the creation of a new brand of intelligent equipment that consolidates high-quality teaching resources and tools across various scenarios. This comprehensive digital and intelligent system is designed to better cater to the primary teaching environments, continuously enhancing the quality of education and creating sustained value for users.

In the field of intelligent equipment, the launch of iFLYTEK Spark 4.0 has redefined classroom screens via the Spark Smart Blackboard. This technology incorporates multi-modal understanding and recommendation, fully natural interaction, virtual assistant learning, and intelligent recording and sharing, four key features that transform traditional blackboards into AI teaching assistants. In the realm of lesson preparation and delivery, the Spark Teacher Assistant has expanded its capabilities in subjects like mathematics, English, and Chinese, introducing new real-time recording and classroom analysis tools that now serve nearly ten thousand teachers. Data indicates a 56% increase in the efficiency of resource retrieval and presentation creation, with a satisfaction rate exceeding 85%. Moreover, the latest generation of smart classrooms, which connect large screens to students’ mobile devices, enhances teaching efficiency and effectiveness through an integrated teaching and evaluation system. This system supports the innovation of teaching methods and improves overall teaching quality.

Regarding schooling data services, in response to the ongoing implementation of the “Double Reduction” policy, the increasing demands of exam management, and the broader context of digital education, iFLYTEK has upgraded and integrated its digital teaching products, which were originally designed for independent use in exams and homework support. This integration has resulted in the creation of a comprehensive and efficient “schooling data service system”. This system extends across all school-related scenarios, both inside and outside

of the school environment, benefiting a variety of educational roles including administrators, teachers, and students. It delivers continual value by reducing workload and meeting the personalized educational needs of students.

In the area of teaching management, iFLYTEK's "resource and supervision management" platform helps to optimize the design and distribution of teaching resources for balance and efficiency. In examinations and homework management, iFLYTEK's "precise exam and digital homework" system dramatically reduces the time taken to design an exam paper from 2 hours to under 10 minutes. Additionally, the newly introduced iFLYTEK Spark Smart Grader cuts down grading time for all subjects and question types from 90 minutes to just 5 minutes. This system enables a teacher to scan, grade, and analyze an entire class's papers within 10 minutes, reducing the workload significantly. It improves the adaptability of educational content by about 30%, delivering personalized homework tailored to individual learning needs and reducing ineffective practices.

In the area of after-school service, empowered by iFLYTEK Spark, a course platform provides a wealth of quality course resources and content for teachers and students, greatly reducing the burden of teachers in lesson preparation. Additionally, the "Inquisitive Classroom" module, which integrates cognitive big model of iFLYTEK Spark and digital virtual person technology, can respond instantly to every child's curiosity in class and after class, effectively alleviating the contradiction between the limited knowledge reserve of front-line teachers and the infinite curiosity of students, encouraging students to dare to ask questions, be good at asking questions. The "Inquisitive Classroom" boasts an effective answer rate of over 98%. To date, after-school services have covered over 13,000 schools in more than 460 districts and counties nationwide, gradually narrowing the urban-rural gap, promoting balanced regional development, and driving the paradigm shift from traditional knowledge teaching to cultivating students' capabilities and comprehensive qualities.

At the same time, in alignment with the national initiative to pursue education, technology, and talent development goals at the same time, iFLYTEK has introduced a comprehensive science education solution to integrate science education in basic schooling. This solution includes high-quality course resources, AI teaching tools, project-based inquiry systems, digital inquiry environments, and expansive social classrooms that bridge home, school, and community. Additionally, it focuses on building a culture of science and technology among educators. These support teachers in delivering effective science lessons, enhance students' science and technology literacy, and inspire children to pursue their dreams of becoming scientists by instilling a passion for science in their hearts.

In response to the national initiative to enhance digital education and universal digital literacy, iFLYTEK has introduced a technology curriculum solution centered around experimental teaching and guided by curriculum standards. This solution utilizes the cognitive big model capabilities of iFLYTEK Spark to address the challenges in teaching, learning, and evaluating information technology subjects. It significantly enhances the efficiency of teachers' preparation for experimental teaching, cutting down preparation time from 4 hours to just 30 minutes. This not only boosts student engagement but also nurtures future talent equipped with digital literacy and innovative skills, aligning with national educational goals.

### **1.3 Promoting AI self-learning aids for students**

Since its launch, iFLYTEK's AI Learning Machine has been a leader in its market segment, introducing a personalized and effective learning method, and consistently maintaining the highest Net Promoter Score (NPS) in the industry. Amidst fierce competition, the market share and brand recognition of iFLYTEK's AI Learning Machine have continuously grown. With the release of the upgraded iFLYTEK Spark V4.0, the smart learning machine now features an enhanced AI-based 1-on-1 tutoring function, pioneering a new interactive mode that encourages children to think and ask questions proactively. In line with the 2022 curriculum standards, which emphasize respecting individuality and autonomous learning, iFLYTEK has partnered with renowned national



institutions to develop high-quality learning content closely aligned with these standards, including AI-enhanced courses in Chinese writing, intensive reading, cognitive development, and elementary mathematics, bringing children innovative ways of learning and a better learning experience.

iFLYTEK's key consumer product, Personalized Learning Handbook, has been further developed to integrate iFLYTEK Spark's cognitive big model capabilities. Features like English Essay Correction and Polishing blend language understanding and text generation for advanced corrections and address key challenges in English teaching for the "new" college entrance exam. New features such as Science Subjective Question Correction enhance mathematical ability and logical reasoning through stepwise corrections and personalized error correction. Additionally, in response to the trend of homework digitalization, the Digital Homework Notebook, developed to complement the Spark Smart Grader used by teachers, provides students with personalized homework tailored to their educational needs. This model has been successfully applied in key schools across Jiangsu, Jiangxi, Hubei, Anhui, Shandong, Guangxi, and Chongqing, receiving favorable feedback from schools, teachers, and students for its practical value in differentiated instruction.

## **2. Smart Healthcare**

In the field of smart healthcare, iFLYTEK is committed to creating an AI diagnostic assistant for every doctor and an AI health assistant for every citizen. Utilizing the foundational capabilities of AI, it empowers a healthcare system that spans from community medical stations to hospitals, patients, citizens, and regional healthcare administrators. It offers products and solutions that cover the entire process from health risk early warning, early screening, diagnosis, treatment, follow-up on rehabilitation, post-diagnostic management, and chronic disease management.

Marking a milestone with the breakthrough in medical cognitive technology by passing the general written test of China's National Practicing Physician Qualification Examination, iFLYTEK has continued to delve deeply into medical natural language processing, medical knowledge learning, and knowledge representation. Based on massive industry data, the Company has developed a cognitive large model for healthcare based on iFLYTEK Spark ("medical big model"). In October 2023, iFLYTEK launched the Xunfei HealthBot to meet the consultation needs of patients before, during, and after diagnosis. On June 27, 2024, the medical big model and the Xunfei HealthBot were upgraded again, releasing a family health assistant. For the first time, a personal digital health assistant went online, capable of constructing a "personal digital health space" based on individualized data such as electronic medical records, test reports, and physical examination reports. Before a patient visits a doctor, it can help analyze the causes of illnesses, provide personalized judgments on drug contraindications during medication, and give comparative data changes after examinations. By switching roles, it allows understanding of other family members' health conditions, creating also a health assistant for everyone. iFLYTEK's smart healthcare business primarily includes services and solutions for community medical institutions, hospitals, patients, and regional health administrators.

### **2.1 Community medical services**

iFLYTEK's medical services line consists of the "AI Medical Assistant" robot and the chronic disease management system, offering the first mature AI solutions aimed at community medical institutions.

AI Medical Assistant: iFLYTEK's AI Medical Assistant, which passed the general written test of China's National Practicing Physician Qualification Examination in 2017, is the first and only system in the world to achieve this feat. It provides a technological foundation for general medical diagnostic assistance, offering AI-assisted diagnosis and treatment recommendations to doctors at community medical institutions. It enhances medical capabilities, standardizes diagnostic and treatment procedures, and reduces medical errors. It also provides monitoring services for medical regulators such as provincial health commissions, achieving evidence-

based quality control and precise management. As of June 30, 2024, iFLYTEK's AI Medical Assistant has been implemented in more than 53,000 community medical institutions across over 600 districts and counties in more than 30 provinces nationwide, providing approximately 810 million AI-assisted diagnostic suggestions and about 310 million electronic medical record recommendations. The system has corrected over 1.44 million valuable medical records and identified 69 million inappropriate prescriptions. The reliability of initial diagnoses has increased from about 96% in 2021 to 98% currently, and the reliability of prescription audits from about 93% in 2021 to about 97% currently, covering more than 1,800 diseases and significantly reducing the risks of misdiagnosis, missed diagnosis, and medication errors.

Chronic disease management: iFLYTEK's AI chronic disease management system automatically assists family doctors with chronic disease screening, stratification, personalized health education, and automated lifestyle interventions as part of everyday chronic disease management services. This allows family doctors to focus on chronic disease diagnosis and treatment and patient care, effectively promoting the integration of medical prevention and improving the control of chronic diseases and reducing hospitalization rates for complications. During this reporting period, the system has been applied in the Economic Development Zone of Wuxi City in Jiangsu, Puyang County in Puyang City of Henan Province, Linzi District of Zibo City in Shandong Province, with four new districts and counties added including Jieshou City and Yiwu County.

## **2.2 Hospital services**

iFLYTEK's hospital services include a smart hospital solution and Diagnostic Assistant, integrating diverse medical scenarios within the hospital ecosystem, enhancing the diagnostic and management efficiency of tertiary hospitals and doctors while empowering medical services.

Smart hospital solution: iFLYTEK provided a comprehensive solution that connects hospitals, doctors, and patients before, during, and after diagnosis, aimed at improving doctors' efficiency in diagnostics and treatment. At West China Hospital affiliated to Sichuan University, this solution has supported pre-diagnosis triage for over 13,000 symptoms and more than 5,000 diseases, accurately matching patients with the appropriate departments based on their symptoms. In April 2024, iFLYTEK Medical, West China Hospital, and Huawei signed a strategic cooperation agreement. The three parties will utilize their respective resources and technological advantages to deepen collaboration in key areas such as innovative medical service models, improving medical experiences, and the application of large model capabilities for healthcare, aiming to promote the development of hospital AI and enhance public healthcare.

Diagnostic Assistant: iFLYTEK's Diagnostic Assistant primarily includes general and specialty Clinical Decision Support Systems (CDSS) tools, such as the intelligent Venous Thromboembolism (VTE) prevention and management system and AI quality control across all cases, assisting hospitals and doctors in managing diagnoses, treatments, and administration for general and specialty diseases, thereby enhancing the efficiency and quality of services provided by tertiary hospital doctors. As of June 30, 2024, the specialty CDSS covers more than 50 diseases, and the VTE system is able to make intelligent assessments for over 170 VTE-related items, with AI assessment achieving consistency rate of over 90% with expert assessments. It has provided services to more than 40 hospitals among China's top 100 public hospitals, including the top 5 public hospitals.

## **2.3 Patient services**

iFLYTEK's patient services business line includes smart hospital patient services and post-diagnostic management (including Xunfei HealthBot APP and mini-programs), the Imaging cloud platform, and intelligent hardware. By now, the scope of patient services has been extended to cover end-users within the medical system, supporting long-term and stable profitability and growth.

Smart hospital patient services and post-diagnostic management: iFLYTEK's smart hospital patient services and post-diagnostic management platform is developed to customize post-diagnostic patient management plans.

Patients can maintain contact with doctors through this platform after receiving medical treatment, upload recovery information, receive medication reminders, and perform self-reporting. During the recovery process, patients can obtain answers to common questions through a medically knowledgeable chatbot built into the platform, which also serves as a tool for doctors to collect and analyze data on patient recovery. During this reporting period, upgrades have been made to address evolving customer needs, utilizing the latest technological advancements such as AI large models. These upgrades include intelligent follow-up systems using hyper-realistic technology and enhancements to intelligent accompanying systems for medical large models, which are aimed at improving intelligent Q&A functionalities and the interpretation of examination reports. The latest achievements have been implemented in hospitals such as West China Hospital affiliated to Sichuan University, Tongji Medical College of Huazhong University of Science and Technology, Jiangsu Provincial People's Hospital, and the First Affiliated Hospital of the University of Science and Technology of China. Post-discharge follow-up coverage at West China Hospital has reached 95% after the upgrade.

**Imaging cloud platform:** Following national policy guidance and responding to healthcare system reforms, iFLYTEK Medical has actively promoted tiered diagnostic and treatment and established a mechanism for the mutual sharing of examination results. The Anhui Imaging Cloud Platform provides remote medical imaging services across the province and assists in implementing the tiered diagnostic and treatment system. Doctors from hospitals at all levels in the province can upload imaging results to the cloud platform and consult imaging data and reports uploaded by other hospitals. This helps achieve medical data interoperability, reduces unnecessary repeated examinations, and prevents patients from unnecessary radiation exposure. During this reporting period, the Anhui Province Imaging Interconnection was selected as one of the top ten AI application scenarios in the Yangtze River Delta for 2024. As of June 30, 2024, the Anhui Province Imaging Cloud has networked over 1,900 hospitals in the province, covering more than 30,000 doctor workstations through imaging data interoperability between hospitals, with doctors accessing images over 400,000 times, patients viewing images over 7 million times, and over 20 million reminders issued; more than 400 remote imaging consultation teams have been created, including over 3,000 registered consultation experts conducting over 7.5 million remote consultations. The imaging cloud platform has brought superior medical resources to the community level, enhancing the patient experience.

**Intelligent hardware:** By the end of the 14th Five-Year Plan period, China's population aged 60 and over is expected to exceed 300 million, transitioning the country from a mildly aged to a moderately aged society. Hearing loss is anticipated to become increasingly prevalent among the elderly. In 2022, iFLYTEK released its intelligent hearing aids, and in the same year, an upgraded deluxe version was launched. Thanks to its excellent performance, intelligent experience, and affordable prices, it has been fully recognized by the market and consumers. In April this year, iFLYTEK launched the latest intelligent behind-the-ear hearing aid, featuring 64 intelligent channels, 32 adjustable frequency points, and a full-scale gain of up to 70 decibels, meeting the needs of people with severe hearing loss. During the "618 Shopping Festival" (June 18 sales campaign) on China's two major e-commerce platforms, JD.com and T-mall, it won first place in the hearing aid category on T-mall and second place on JD.com. As of June 30, 2024, iFLYTEK has over 90,000 registered intelligent hearing aid users.

## **2.4 Regional health administration solutions**

This business line encompasses intelligent health solutions and smart medical insurance.

**Intelligent health solutions:** iFLYTEK's intelligent health solutions comprise an Infectious Disease Monitoring and Early Warning System, a Universal Health Information Platform, and a County-level Medical Community Solution. These enable regional health administrators to monitor and manage the capabilities of healthcare professionals such as doctors at community medical institutions, as well as to conduct infectious disease prevention and control. For instance, in 2022, iFLYTEK Medical established an Infectious Disease

Monitoring and Early Warning System in Hefei, Anhui Province. Capable of comprehensive risk assessments with high sensitivity and accuracy, the platform performs spatial-temporal clustering analysis, epidemiological trend extrapolation, and deep knowledge reasoning supported by medical knowledge graphs, enabling rapid identification of infectious disease outbreaks. This effectively supports emergency responses and public health investigations, aiding the digitalization of infectious disease prevention and control. As of June 30, 2024, based on multimodal data gathered from over 17,000 community medical institutions and about 20 tertiary hospitals, the system effectively monitored 41 statutory infectious diseases, 15 non-statutory infectious diseases, and six major syndrome monitoring signals.

Smart medical insurance: iFLYTEK Medical actively responds to the application of DRG/DIP payment methods by developing a comprehensive medical record analysis system to achieve smart medical insurance management. Hospitals and doctors using iFLYTEK's Smart Medical Insurance receive alerts about pre-hospital medical records, report bundled billing and other abnormal activities, and can promptly identify potential compliance risks. This system helps hospitals analyze, control, and coach on diagnostic pathways, medical record front pages, and coding, enhancing the compliance of designated medical institutions, improving the regulatory efficiency, and achieving systematic and standardized fund management. After winning first place in the National Medical Insurance Administration's Smart Medical Insurance Solution Competition in 2022, iFLYTEK's Smart Medical Insurance has entered into normal operation in Lyuliang (Shanxi Province) and Pu'er (Yunnan Province), and has delivered products in Hefei (Anhui), Nanjing (Jiangsu), Guiyang (Guizhou), Changzhi (Shanxi), Wuzhou (Guangxi), and Jiujiang (Jiangxi). This further enhances application effectiveness, promoting coordinated development and governance of medical insurance, healthcare, and pharmaceuticals.

### **3. Smart City**

In the smart city domain, iFLYTEK is leveraging the opportunities presented by China's digital development initiatives, utilizing the leading foundational capabilities of its general AI large model iFLYTEK Spark. The Company captures the digital transformation needs of governments at all levels, continually rolling out innovative and competitive products and solutions. Focusing on government services, social governance, and data utilization, iFLYTEK is enabling digital government services across comprehensive networks for integrated and collaborative management, service, and governance, supporting the digital transformation of governments while reaping the value of data resources. Additionally, iFLYTEK provides cities with integrated solutions, including software, hardware, and operational support, for building intelligent computing centers. Notably, in Lichuan (Hubei Province) and Wenzhou (Zhejiang Province), iFLYTEK has developed industry-specific large models based on its large language model iFLYTEK Spark to fuel local industrial growth. The smart city domain is now expanding into smart agriculture, smart parks, smart buildings, and smart water management, significantly broadening its market presence across China and establishing a robust, comprehensive, and ecologically rich smart city framework.

#### **3.1 Digital government**

During this reporting period, iFLYTEK's digital government business made significant strides by integrating the foundational capabilities of its large language model, iFLYTEK Spark, and leveraging its deep industry expertise. The Company has achieved iterative enhancements to its digital government products and solutions based on iFLYTEK Spark, using its upgraded foundational capabilities for digital government services, and creating a holistic digital solution that encompasses government services, social governance, community governance, data governance, urban flood control, drainage, and digital twin for irrigation. Additionally, iFLYTEK successfully developed innovative large model-driven products such as Comprehensive Window Assistant, Smart Inquiry and Handling, Digital Social Worker, and Law Enforcement Assistant.

In Anhui Province, iFLYTEK has continued to strengthen its presence in the local market, accelerating the

deployment of the first batch of digital government applications. In this province, the construction of focal points for city integration has sped up, the county-level market continues to expand, and the operational model is being developed at a faster pace. The expansion of the national digital government market has accelerated, with iFLYTEK rolling out county-level solutions in partnership with enterprises in the ecosystem. Noteworthy market brands such as Shanghai Tangqiao's "Digital Social Worker" have been established, forming a series of significant project prototypes. Up to now, iFLYTEK's digital government solution has performed very well and demonstrated effectiveness in cities like Pudong (Shanghai), Huangshi (Hubei), Benxi (Liaoning), and Chengdu (Sichuan). Moving forward, iFLYTEK's digital government business will continue to build on its large model capabilities, upgrading its products and solutions, enhancing ecological cooperation, and supporting the implementation of digital government applications.

During this reporting period, iFLYTEK actively integrated intelligent computing power, foundational large language model capabilities, and upper-layer application scenarios to empower the upgrade of traditional urban sectors and the cultivation of emerging industries, boosting the rejuvenation of urban industries. Currently, in the city of Lichuan, Hubei, focusing on the construction of domestic intelligent computing centers and the incubation of large models for the cultural and tourism industry, iFLYTEK empowered the city's digital economy development, exploring a new model of iFLYTEK Spark empowering industries. In the city of Wenzhou, Zhejiang, iFLYTEK delivered comprehensive and high-quality cloud computing and artificial intelligence services to enterprises and public institutions.

### **3.2 Smart judiciary**

During this reporting period, iFLYTEK's legal large language model version 1.5 based on iFLYTEK Spark was released, trained on massive high-quality judicial data. This updated version, trained on massive high-quality judicial data, demonstrated a 13% improvement in performance over its predecessor, version 1.0, across 12 fundamental industry capabilities. In addition to this enhancement, a specialized judicial knowledge base was developed. This foundation supports a variety of large language model scenario services tailored to the specific needs of the legal sector. Among these, a streamlined court transcript recording system has been implemented in more than ten courts, and the legal consulting service has generated a total of 70,000 legal complaints, receiving unanimous approval from the courts. Moving forward, the foundational capabilities of the large language model will be further leveraged to explore a model of fully integrated human-machine collaborative digital judge assistant application in court trials, providing courts with intelligent tools to enhance the quality and efficiency of case handling.

During this reporting period, the iFLYTEK Spark-based legal large language model was used to create a version 2.0 of comprehensive human-machine collaborative services, which enhances the intelligence of the court case handling process, identifying bottlenecks in the case handling process more quickly and accurately. From January to June 2024, the People's Court of Hefei High-tech Zone saw a continuous increase in the number of new cases, ranking among the top in the city across 18 indicators. The quality and efficiency of the People's Court of Donghu District of Wuhan continued to improve, with the case processing cycle reduced by 51.89%, down 26.21% a year on year. Further efforts will combine foundational large language model capabilities to explore a comprehensive service model at the provincial and municipal level, constructing provincial and municipal "12368" litigation services and intensive, refined cataloging services to enhance case handling efficiency and reduce costs.

## **4. Open Platform and Consumer Business**

### **4.1 iFLYTEK Open Platform**

As one of the first new-generation artificial intelligence open innovation platforms in China, iFLYTEK

Open Platform actively builds “new productive forces” powered by large language models. The Company continuously advances the construction of its open service platform utilizing the foundational capabilities of its large language model, pursue innovative large language model development paradigms, establishes benchmarks for scenario-based applications of large language models, and works to foster an open, innovative, autonomous, secure, and thriving new ecosystem. iFLYTEK Open Platform continues to provide developers, especially entrepreneurs at the forefront of innovation, with strong support in technology, branding, channels, and investment, aiding developers in their innovative explorations. In collaboration with industry ecosystem partners, the Company explores a range of sectors including intelligent manufacturing, energy, finance, e-commerce, and customer service, developing industry benchmarks and scenario-based solutions. This initiative drives and guides AI developers in developing and implementing industry-specific applications.

By the end of this reporting period, the iFLYTEK Open Platform had made 708 leading international AI capabilities and solutions available to over 7.06 million developers who have created more than 2.48 million applications on this platform. Since its API became open in September last year, the iFLYTEK Spark platform has attracted over 580,000 large model developers. The platform has launched online sites overseas in Singapore, South Korea, Japan, and Hungary, and established local operations teams in Singapore, Thailand, Malaysia, Saudi Arabia, and the UAE. With its multilingual AI capabilities, it has served over 400,000 developers abroad across industries such as education, finance, government, and telecommunications. The Super Brain platform, focusing on embodied intelligence such as robot dialogue and understanding, significantly enhances multimodal interaction capabilities. Currently, it covers 90% of the Chinese service robot market.

iFLYTEK Spark is dedicated to making large language model applications universally accessible, transforming it into an AI assistant that deeply understands human needs. On June 27 this year, the Company launched iFLYTEK Spark V4.0, introducing the industry’s first “personal space.” This feature allows users to seamlessly store and manage content related to learning, work, life, and health, thereby enabling the model to offer personalized services and generate customized content. Furthermore, iFLYTEK Spark provides an end-to-end, customizable intelligent agent development platform. This platform empowers users to create personal assistants without any coding requirements and enables developers to effortlessly build native applications, significantly enhancing the growth of the industrial ecosystem. Leveraging the foundational capabilities of iFLYTEK Spark, the Company has created an AI-native application suite that includes intelligent PPT, a document knowledge base, and role simulation. Additionally, our AI virtual human interaction platform has launched iFLYTEK Smart Creation, an AIGC product that has already attracted over 4 million users. This innovative tool allows users to create personal digital avatars with just a single sentence, simplifying video content creation for everyone.

In the arena of digital marketing, iFLYTEK’s AI marketing business leverages AI technology and big data to maintain a competitive edge. This is achieved by continuously enhancing operational efficiency and seizing new business opportunities. iFLYTEK has evolved its AI algorithms and product solutions to establish partnerships with all six major international 4A advertising agencies, leading to stable growth in customer base and revenue, and setting benchmarks with several key account (KA) customer case studies in various industries. With its global expansion strategy well underway, iFLYTEK has made significant inroads in the overseas digital advertising market. Utilizing its AI algorithm capabilities, the company has rapidly expanded its e-commerce clientele and cost per sale (CPS) business, covering top e-commerce platforms across Southeast Asia, Europe, and America. It has also strategically developed the overseas traffic ecosystem, enhancing collaborations with developers, manufacturers, and top-tier aggregation platforms, achieving over 10 billion daily page views (PVs). The swift advancements of iFLYTEK Spark have injected new momentum into marketing solutions. In the first half of 2024, the iFLYTEK Marketing Assistant, built on iFLYTEK Spark, was entitled the Best Digital

Marketing Platform of the Year by the Golden Mouse, laying a robust foundation for exploring new AI marketing opportunities.

## 4.2 Consumer business

The consumer business always centers around the user, growing through deeply understanding user needs and steadily enhancing product competitiveness. With the support of iFLYTEK Spark, the Company's consumer business continues to strengthen the application of AI technology in both software and hardware products, regularly updating and iterating hardware and software products and services to make them efficient and convenient and consolidate industry leadership.

During this reporting period, iFLYTEK's AI consumer products performed very well at major sales events. During the "618 Shopping Festival", the GMV for smart office notebooks, translators, and recorders increased by 43% year on year. The Company continued to capture the sales championship across several categories on both JD.com and T-mall, winning broader consumer favor, with user satisfaction and positive product ratings continuing to rise. On the software side, products such as iFLYTEK Spark, iFLYTEK Input Method, iFLYREC, and others that are based on iFLYTEK Spark, significantly enhance user experience, making work more efficient and life more convenient.

During this reporting period, while domestic operations flourished, the consumer business accelerated its expansion into overseas markets. Business units such as consumer hardware and software have been strategically deployed in regions including Europe, the Middle East, and Asia-Pacific, and were introduced in large-scale international trade shows and market events. During the Mobile World Congress in February 2024, iFLYTEK's products, such as its translator, smart recorder, audiobooks, Simultaneous Translation app, and virtual humans, received high attention and praise, enhancing iFLYTEK's international brand image. Meanwhile, the construction of overseas platforms has progressively advanced. The systems supporting overseas channel partnerships, brand marketing, sales, after-sales service, and local offices have been further strengthened, laying a solid foundation for the expansion of its consumer business abroad.



**Figure 2: iFLYTEK's smart office hardware products**

### 4.2.1 AI+ office scenarios

iFLYTEK Smart Office Notebook: During this reporting period, iFLYTEK's Smart Office Notebook continued to lead the ink screen market, with sales in the first half of the year increasing by 40% year on year. At the mid-year "618 Shopping Festival", it maintained its position as the top-selling product on JD.com, T-mall, and Douyin for the fourth consecutive year (source: JD.com Business Intelligence & T-mall Business Advisor), continuing to lead the industry. The X3 series has continued to hold the top spot in the office category, solidifying its flagship status.

Driven by the continuous iteration of iFLYTEK Spark, iFLYTEK's Smart Office Notebook series has

upgraded the effectiveness of its AI functions such as "Meeting Minutes," "AI Writing," "Spark Q&A," and "AI Weekly Reports." New AI features like "Document Reading" and "AI Assistants" were also introduced, focusing on personal office scenarios to help users enhance their office efficiency. Users have highly rated the product's transcription accuracy, writing experience, and core functions like the large model capabilities of iFLYTEK Spark, with e-commerce positive reviews exceeding 98%. iFLYTEK continues to drive and participate in the formulation of related standards for smart office notebooks, serving as the leader in drafting the T/DZJN 228-2024 standard for Electronic Paper Meeting Notebooks organized by the China Electronic Energy Saving Technology Association, enhancing industry influence and promoting industry-standard development.

**iFLYTEK Smart Recorder:** During this reporting period, iFLYTEK's Smart Recorder continued to lead the smart recording industry, securing the top sales position on JD.com and T-mall during the "618 Shopping Festival" promotion campaign for the seventh consecutive year (source: JD.com Business Intelligence & T-mall Business Advisor).

Powered by iFLYTEK Spark, iFLYTEK's smart recorder can instantly generate meeting minutes, extract key information, generate to-do items, and intelligently remove filler words, significantly improving work efficiency. In foreign language classrooms or speeches, the Simultaneous Translation feature allows users to listen to the translated audio through headphones, facilitating the understanding of classroom content or speeches, making the recorder a smart assistant for office and learning purposes.

In the first half of 2024, iFLYTEK continued efforts to expand into the overseas market, developing new localized online and offline sales channels in markets such as South Korea, Singapore, the USA, and Canada. Product sales and user reputation have steadily enhanced, with users now spanning Asia, Europe, America, and other regions across 180 countries.

**iFLYREC (Meetings + SaaS):** During this reporting period, iFLYTEK launched a large smart office model, which is deeply integrated into the iFLYREC Meeting Office product series, providing government and corporate clients with a continuously optimized "AI+ office" service solution. iFLYREC Meeting Office has now served 3,000 government and corporate clients. In industry applications, the iFLYREC smart meeting system has served the national CPPCC sessions for six years and supported NPC and CPPCC meetings at various venues for three years. Moving forward, it will deliver more technologies in key regions such as Anhui Province, Zhejiang Province, Shanghai, Yunnan Province, Guizhou Province, Henan Province, and the Guangdong-Hong Kong-Macao Greater Bay Area, enhancing the efficiency of smart governance. On July 4, 2024, the iFLYREC Smart Office solution was awarded the "Top 10 Corporate Digital Empowerment Cases of China 2024" by the Zhongguancun Digital Economic Industry Alliance.

During this reporting period, iFLYREC Simultaneous Translation provided global users with high-quality language service solutions, delivering 22% more conference services than the previous period. It continued to provide AI-based Simultaneous Translation services to dozens of Fortune 500 companies and international events such as the Zhongguancun Forum in Beijing, the Mobile World Congress in Spain, the International Advertising Festival in Malaysia, and the BEYOND EXPO in Macau. Additionally, public cloud services and product innovations continue to break through, further expanding iFLYTEK's influence in the international market. In public cloud services, iFLYTEK's Simultaneous Translation app registered a 168% increase year on year, and app services were launched in the Hong Kong and Macau, targeting international clients primarily in the Greater Bay Area. In terms of product innovation, iFLYTEK launched new Simultaneous Translation earphones for commercial scenarios, allowing users to immerse themselves in international conferences. iFLYTEK also reached cooperation intentions with several national museums and international scenic spots using Simultaneous Translation earphones. The international version of iFLYTEK Simultaneous Translation app, iFLYTRANS, now supports Japanese, Korean, and Traditional Chinese, and is available for all-in-one and SaaS



deployments in Europe, the Middle East, and other regions.

iFLYTEK's smart office SaaS platform drives user growth with innovative technology. During this reporting period, the number of ecosystem users exceeded 200 million, reaching over 74 million terminal users which include more than 3 million monthly active users, ranking first in efficiency transcription in mobile app stores (iOS system). After the upgrade in 2024, iFLYTEK's smart office SaaS platform will integrate multiple smart office hardware and software products from iFLYTEK to provide a one-stop smart office experience, achieving highly efficient AI office throughout the entire chain. In terms of business development, powered by the foundational capabilities of iFLYTEK Spark, iFLYTEK Writing accrued 1240% more new paying users, and the overall number of paying users on the platform exceeded 20% of the total. iFLYTEK has reached cooperation with well-known enterprises such as China Telecom and Industrial and Commercial Bank of China, enhancing AI efficiency across various sectors. In terms of the international development of SaaS products, iFLYTEK's iFLYREC and Simultaneous Translation app were launched in Hong Kong and Macau; Deepting, the international version, started market expansion in the European Union, the United Kingdom, Southeast Asia, Japan, and Korea. In terms of ecosystem development, iFLYTEK continued to deepen its strategic cooperation with HarmonyOS and its smart office SaaS platform became one of the first native applications for HarmonyOS.

**Enterprise Digitalization:** During this reporting period, the iterated iFLYTEK Spark V4.0 significantly enhanced seven core capabilities, leading to substantial upgrades in Digital Employee products. The iFLYTEK Spark Bid Evaluator offers Digital Employee assistance throughout the bidding process, significantly enhancing bidding evaluation efficiency. Utilizing the foundational capabilities of large language model, this Digital Employee analyze and identify essential bidding information such as "bidding requirements and key points," automatically reviewing, scoring, and providing arguments, which boosts review efficiency by 75%. Operating in sectors like energy, this Digital Employee serves prominent clients such as China National Coal Development Co., Ltd., creating "AI bid evaluators" that intelligently elevate corporate procurement processes.

The iFLYTEK Spark Contract Assistant, another Digital Employee, manages the entire lifecycle of contract management by resolving efficiency bottlenecks and management risks through utilizing the large language model's foundational capabilities. This establishes a scientific and standardized contract management system. This Digital Employee enhances the efficiency of contract drafting through generative techniques, reduce contract compliance risks through comprehensive risk reviews, improve contract performance efficiency via semantic-level element extraction, and augment contract archiving efficiency through document knowledge Q&A. Serving numerous large private enterprises, this Digital Employee has notably assisted clients like Wanda Commercial Management Group in reviewing an average of 300,000 contracts per month, substantially improving review efficiency.

Additionally, the iFLYTEK Spark Smart Cockpit has served numerous large enterprises both home and abroad, markedly improving intelligent interaction efficiency in customers' exhibition halls and management scenarios. Leveraging large language model and AI capabilities, the iFLYTEK Spark Smart Cockpit facilitates enterprise data Q&A, knowledge Q&A, and automatic explanations through interactive dialogues with virtual humans (Virtual Employees). This greatly enhances efficiency and deeply empowers enterprises across multiple business scenarios including exhibition hall presentation, data acquisition, and intelligent reporting.

#### **4.2.2 AI+ life scenarios**

**iFLYTEK Input Method:** Leveraging the comprehensive upgrade of iFLYTEK Spark, iFLYTEK has advanced its AI input method to adapt to user expression scenarios. As of June 2024, the monthly active users for iFLYTEK Input Method have increased by 3.6% year on year in the open market, maintaining the fastest growth rate in the industry. During this reporting period, iFLYTEK's smart input function "Versatile Persona" was

released, enhancing the richness and fun of user expression content; the effectiveness of its AI voice input was enhanced, further expanding its usage scenarios, with daily voice activation increasing by 15% year on year; and the AI Pinyin engine was upgraded, significantly improving input efficiency.

Continued product innovation has led to enhanced input experience. iFLYTEK Input Method has further increased its market attraction for young users, becoming one of the TOP 10 favorite apps among Gen-Z users. It has been widely recognized in the industry, winning the ITGSA 2023 "Quality Application in the Utility Category" as well as the "HarmonyOS Pioneer - Shining Star Plan Ecological Innovation Award" and "HarmonyOS Pioneer - Ecological Contribution Award." (Source: iResearch's China Mobile Internet Traffic Quarterly Report Q1 2024.)

iFLYTEK Translator: During this reporting period, the activation rate of iFLYTEK Translator grew by 74% and had the largest market share in the domestic market. Fueled by the full recovery of global tourism and business activities, the demand and sales volume of iFLYTEK Translator have significantly increased. During this reporting period, through the application of iFLYTEK's independently developed large language model iFLYTEK Spark, the iFLYTEK Dual-Screen Translator and Translator 4.0 were launched after three major upgrades, significantly enhancing the capabilities of automatic language recognition, translation accuracy, and practicality, thereby further improving user experience. With its efficient and accurate translation and transcription capabilities, iFLYTEK Translator is widely used in business negotiations, international conferences, international travel, and overseas studies, and is highly recognized and well-reviewed by users.

iFLYTEK Sweeping and Mopping Robot: During this reporting period, after continuous upgrades, iFLYTEK's AI-powered Sweeping and Mopping Robot X3 was officially released in March this year, achieving a 100% positive online review on JD.com. This robot, integrating the foundational capabilities of iFLYTEK Spark, possesses industry-leading voice interaction capabilities and precise positioning for cleaning, capable of understanding and handling complex cleaning tasks under long voice commands. Also, by optimizing SLAM and path planning algorithms, the robot has significantly improved cleaning efficiency and positioning accuracy, optimized the recognition and obstacle avoidance capabilities in challenging home scenarios, making cleaning faster and more reliable. Powered by AI, the cleaning scheduling architecture was continuously optimized, supporting users in real-time adjustment of cleaning strategies. During this reporting period, iFLYTEK's AI-powered Sweeping and Mopping Robot X3 made its debut at the 4th China International Consumer Products Expo, where its excellent stain recognition and obstacle avoidance performance won high praise from users on-site.

## **5. AI Solutions for Enterprise Customers in Telecom, Smart Automotive, and Smart Finance Sectors**

### **5.1 Telecom**

iFLYTEK works to meet the needs of the three major telecom operators and TV broadcasters, especially their digital transformation needs. In addition to enterprise users, the Company offers innovative 5G+AI products and solutions for individuals and families, continuously creating value for users and injecting intelligence to boost the development of a digital economy society.

For individual users, utilizing the foundational capabilities of iFLYTEK Spark, iFLYTEK collaborates with telecom operators to develop a comprehensive communication model, providing a series of products and solutions for various call scenarios including pre-call, during the call, missed calls, and post-call. Collaborations with the three major telecom operators include advancements in the 5G new calling domain, promoting the development of innovations like AIGC-based video ringtone content, Celebrity Caller ID, AI Secretary, and AI

Shorthand.

For the family segment, in collaboration with telecom operators, an all-screen interaction large model is developed. Leveraging the foundational capabilities of iFLYTEK Spark medical large model, products such as AI Family Doctor and TV AI Assistant have been launched to meet the needs of family users. The AI Family Doctor offers AI-based self-diagnosis of diseases and online health consultation services via TV screens. The TV AI Assistant, integrating virtual humans and voice interaction capabilities, provides users with services such as movie and TV show recommendations, daily life information inquiries, and local service links.

Regarding corporate services, building on the core capabilities of its voice large model and iFLYTEK Spark, and targeting the high-demand scenarios for telecom operators, iFLYTEK puts the focus on smart customer service, intelligent installation and maintenance, smart marketing, Digital Employees, among others, and has introduced comprehensive AI+ solutions based on its large language model.

## **5.2 Smart automotive**

In the first half of 2024, the Chinese automotive market showed a strong momentum, with a rapid growth in the sales of new energy vehicles, a sustained positive momentum in vehicle exports, and a steadily increasing market share for Chinese automotive brands. Overall, the Chinese automotive market is characterized by growth and diversified development. With the steady development and integration of LLM technologies, a significant impetus has been injected into automotive intelligence. Smart cockpits are becoming more versatile, innovations in intelligent driving technologies continue to emerge, and the application of vehicle networking has become more widespread.

During this reporting period, iFLYTEK's smart voice business experienced a comprehensive upgrade due to the enhancement of iFLYTEK Spark. The Company's products featuring multi-dialect, multilingual, and hyper-realistic speech synthesis capabilities have significantly improved to offer a freer and more human-like interactive experience. These product solutions have established deep collaborations with major domestic and international automotive companies such as Chery, GAC Group, Great Wall Motors, and Changan. On April 28, the first Chinese standards for automotive large language models, co-authored by the China Academy of Information and Communications Technology and iFLYTEK, was officially released. This standard is set to promote the application and efficient development of automotive large language models. In 2024, iFLYTEK's multilingual capability played a crucial role in expanding into overseas markets and meeting the diverse needs of different regions, providing solid support and assurance for automobile exports. To date, iFLYTEK's voice interaction products have supported more than 25 foreign languages, covering key international markets in the Middle East, South America, Europe, and Southeast Asia. New multilingual products have been deployed by several leading automotive makers in their overseas projects and are fast-tracking into the delivery and mass production stage, poised to deliver advanced smart voice services to a broader global audience.

In the realm of intelligent sound effects, the Company has developed a premier smart automotive sound solution, iFLYSOUND. This smart audio management system, through deep integration with voice, vision, and application ecosystems, has revolutionized the vehicle sound experience, transitioning from single-dimensional and single-scenario to multi-dimensional and multi-scenario. The system features an array of advanced sound technologies including virtual surround sound, ambient sound enhancement, adaptive loudness compensation, intelligent scenario gain control, high-fidelity audio, in-vehicle communication enhancement, active noise reduction, advanced sound field management, personal sound zones, sound zoning technology, AI multitrack, hands-free karaoke, and the Spark Tuning Master. It offers a comprehensive subscription service model encompassing sound libraries, sound wave libraries, sound effect libraries, and function libraries. As of now, iFLYSOUND has been implemented in over 40 car models from more than ten Chinese and joint-venture

automotive companies. In April of this year, a model equipped with the iFLYSOUND system won the Professional Group A championship at the 2024 International Car Sound Challenge, hosted by the International Auto Sound Challenge Association (IASCA). During this reporting period, sales of the iFLYSOUND system doubled compared to the previous year.

In the realm of intelligent cockpits, iFLYTEK launched a newly upgraded smart cockpit solution at the iFLYTEK Spark V4.0 release event on June 27. This release also introduced cutting-edge technologies and capabilities such as high-speed LLM-based interaction, full duplex intelligent interruption, seamless switching between multiple languages and dialects, hyper-realistic emotional speech synthesis, an AI Gourmet Assistant, and visual-based Xunfei HealthBot for health monitoring, adaptive human voice separation, and hands-free karaoke. iFLYTEK Spark applications achieved an industry-leading end-to-end response time of 1.5 seconds, making human-machine interaction more convenient, richer, faster, and smarter. On the hardware front, integrating advanced AI and domestic ZCU solutions, iFLYTEK smart cockpit's domain controller is set to enter into mass production in July this year.

During this reporting period, the Company continued to strengthen its deep integration with upstream and downstream companies in the automotive industry chain, establishing strategic partnerships with FAW, Livan Autos, Alipay, and China Automotive Data. In the first half of 2024, nearly 4 million sets of smart automotive products were shipped, online interactions surpassed 6 billion, a year-on-year increase of 132%, and the monthly active users reached 27.28 million.

iFLYTEK's technological and application achievements in the smart automotive realm have received broad recognition from the industry and market. Its Feiyu Scenario Intelligent Cockpit System won a special jury award at the fourth CMG "China Automotive Epic Ceremony". Additionally, iFLYTEK, in collaboration with the University of Science and Technology of China and the National Engineering Research Center for Speech and Language Information Processing, won the ASR and ASDR championships at the ICMC-ASR challenge.

### **5.3 Fintech**

In the fintech realm, iFLYTEK primarily provides comprehensive digital management and operation solutions for clients in financial sectors, including banking, insurance, and securities.

During this reporting period, iFLYTEK accelerated the implementation of its LLM iFLYTEK Spark in financial sectors. By training specialized cognitive models for financial institutions and developing intelligent applications for financial scenarios, iFLYTEK helped these institutions enhance their "new productive forces" and improve the quality and efficiency of financial services. Targeting high-frequency business scenarios in financial institutions such as marketing, due diligence for risk control, customer services, and R&D programming, iFLYTEK launched four intelligent products based on iFLYTEK Spark V4.0: Spark Marketing Assistant, Spark Due Diligence Assistant, Spark Customer Service 2.0, and iFlyCode (Spark code assistant). The Spark Marketing Assistant performs multi-dimensional customer group profiling to generate marketing suggestions and customized business strategies, offering real-time knowledge Q&A support for account managers. The Spark Due Diligence Assistant can automatically access diverse information sources and extract key data, using multi-dimensional credit risk analysis to generate draft reports instantly, significantly enhancing the efficiency and quality of due diligence documentation for loans. Spark Customer Service 2.0 builds on upgraded technologies such as long-text processing, knowledge tracing, and hyper-realistic synthesis, enhancing functions like knowledge intelligent editing, agent planning, and workflow orchestration, simplifying user interactions and optimizing business operations. iFlyCode, through pre-training and SFT training, significantly improves code recommendation adoption rates and integrates code review, automated testing, and programming suggestions, automatically generating high-quality unit testing code and reducing coding costs and barriers for

developers.

During this reporting period, iFLYTEK advanced joint innovation with industry partners to speed up the development and deployment of large models in the financial industry. It signed strategic cooperation agreements with various financial institutions such as Bank of Beijing and Suzhou Bank, and deepened collaborative efforts in the "AI+Finance" sector with various organizations including Bank of Communications, Postal Savings Bank of China, PICC Group, China Everbright Bank, Shanghai Pudong Development Bank, Anhui Branch of Bank of China, Bank of Beijing, Huishang Bank, Bank of Ningbo, Xi'an Bank, Tangshan Bank, Guoyuan Securities, and Hu'an Securities, exploring innovative scenarios together. In collaboration with Bank of Communications, iFLYTEK created a hundred-billion-level financial large model, crafting end-to-end AI financial application scenarios in crucial business areas such as retail, inclusive finance, operations, and risk, and jointly announced joint AI innovation achievements at the 2024 World AI Conference. iFLYTEK is dedicated to sharing its experiences in implementing large model applications across the industry, actively contributing to the development of large model standards spearheaded by the China Academy of Information and Communications Technology, leading the development and release of the first domestic banking industry large model standard, and promoting the healthy development of large language models in the financial sector.

## **II. Competitiveness Analysis**

iFLYTEK, a pioneer in China's artificial intelligence industry, has cultivated deep expertise in AI over twenty-five years, developing significant competitive advantages:

### **1. Internationally Advanced AI Core Technologies**

As China's AI leader, iFLYTEK has established major national platforms, including the State Key Laboratory for Cognitive Intelligence and the National Engineering Research Center of Speech and Language Information Processing, as well as one of the first open platforms for new-generation AI innovation.

iFLYTEK remains strongly committed to creating core technologies, keeping its key AI technologies at the international forefront. In recent years, though being placed on the US Entity List, iFLYTEK has focused on self-reliance and developed key AI technologies, winning numerous international authoritative challenges in the AI field. This includes dozens of international AI contest championships across various domains such as intelligent speech, machine translation, natural language understanding, image recognition and understanding, knowledge graphs, and machine reasoning, thus continuously enhancing its global influence in the AI arena. In June 2024, iFLYTEK's was awarded the first prize of the State Science and Technology Award for its successful "Multilingual Intelligent Speech Technologies and Industrialization" project, the first AI project to win such an honor since the global AI boom ignited by deep learning.

iFLYTEK has accumulated substantial R&D strength in cognitive large models (LLM) and continues to achieve technological breakthroughs and innovations. iFLYTEK Spark was iterated to version 4.0 on June 27, 2024. This version not only matches GPT-4 Turbo across various benchmarks (outperforming the latter in 8 out of 12 mainstream test sets (10 English evaluations such as HumanEval, WinoGrande and GPQA, and 2 Chinese evaluations C-Eval and CMMLU) but also spurred the development of software and hardware products tailored for education, healthcare, automotive, and corporate scenarios, showcasing the Company's leading capabilities in large language model applications. iFLYTEK has become a large language model partner for key industry leaders such as State Grid Corporation of China, China National Petroleum, China Mobile, PICC, CPIC, Bank of Communications, Chery Automobile, FAW Group, Volkswagen, Haier Group, and Midea Group. The Company has co-built China's first fully domestic massive intelligent computing platform "Feixing-1," and iFLYTEK

Spark is the only large language model trained with domestic computing power which is available for public download thus far.

To date, iFLYTEK has led and participated in the formulation of over 100 intelligence speech and AI standards. These include 3 international standards, 34 national standards, 9 industry standards, 8 local standards, and 24 group standards, covering areas such as speech recognition, speech synthesis, large language models, smart home, intelligent customer service, mobile terminals, vehicle terminals, smart TVs, and machine translation. For instance, in May 2023, iFLYTEK led the proposal of the international standard ISO/IEC 24661:2023 "Information Technology - User Interfaces - Full Duplex Speech Interaction," which is the first global standard in intelligent speech interaction. In July 2023, at the World AI Conference, iFLYTEK was appointed co-chair of the national AI standardization panel for large language models. In July 2024, iFLYTEK led the proposal of the international standard ISO/IEC 5259-4:2024 "Artificial Intelligence - Data Quality for Analytics and Machine Learning - Part 4: Data Quality Process Framework," which is the first AI data quality standard led by China.

## **2. From Core Technological Breakthroughs to Systematic Innovation and Scalable Application**

For core technologies, transitioning from R&D breakthroughs to scalable industrial applications is a high-threshold process. On one hand, innovations must expand from single-point breakthroughs to full-stack technologies across business chains and also identify large enough scenarios with appropriate business models for business and technology to enhance each other, or otherwise the teams will remain merely as single-point technology providers. iFLYTEK has consistently used artificial intelligence to address significant societal needs, gaining unique advantages in two main areas:

- Beyond maintaining continuous innovation and leadership in single-point core technologies, iFLYTEK persistently expands and solidifies its technology tree through systematic innovation. For example, the Company has progressed from speech synthesis to speech evaluation to speech recognition; from speech recognition to text and image recognition; from single-modal recognition and synthesis to multi-modal global perception and rich expression; from perceptual intelligence that can "hear and speak" to cognitive intelligence that can "understand and think." It continues to tackle complex scenario problems through multi-technology integrated innovation and leverages general-purpose algorithmic innovations to create an "amplifier effect" across multiple technology domains, organically integrating various innovative technologies in products and practical applications, thus driving the transition from single-point core technology innovation to systematic innovation.
- Aligning with the standards for AI value realization: "tangible application cases, scalable standard products, and statistically verifiable application effectiveness", iFLYTEK has continuously promoted AI products and solutions on a large scale in critical sectors of social wellbeing like education, healthcare, and urban development, as well as in significant economic arenas such as automotive, finance, and consumer goods. The Company has developed a wealth of application scenarios in cognitive intelligence, resulting in steadily increasing profitability. Market success, in turn, reinforces iFLYTEK's deep understanding of industry scenarios and algorithmic iterations, further enhancing its competitive edge across various sectors.

## **3. Technology Brand Credibility in the Industry and Extensive Marketing Network**

The core technological capabilities of AI directly impact customer experience and application effectiveness, where high-quality practical results enhance customer satisfaction and business revenue. Builders and operators of intelligent speech and AI application systems place great importance on the application results delivered by

technology providers and select the most technically capable and successful providers through rigorous bidding processes. As a leader in China's intelligent speech and AI industry, iFLYTEK has a rich portfolio of scalable AI application cases and statistically verifiable results that have earned the trust of industry clients and developers. The Company has established long-term strategic partnerships with market-leading developers in various industries, significantly enhancing its technology brand influence in the industry and competitive advantage. Particularly in vital sectors like education and healthcare, iFLYTEK's credibility as one of "China's AI leaders" has been widely recognized by customers. The Company's brand assets rank 43rd on the list of BrandZ Top 100 Most Valuable Chinese Brands, with a brand value of 4.342 billion US dollars.

Based on years of industry experience, iFLYTEK has built a nationwide scalable marketing network, establishing 32 regional marketing agencies (for provincial clusters and state-owned enterprises under the central government) across all provinces. To better serve and stay closer to customers, iFLYTEK actively strengthens team building and management in regions where it has operations. The front-to-back full-process integration has built a unified sales service system, supporting the comprehensive and rapid promotion and implementation of business products.

### **III. Analysis of Core Business Activities**

#### **1. Overview**

In the first half of 2024, the company adhered to the development strategy of "reaching for the sky, rooted on the ground," steadfastly investing in the research and development of its large language model iFLYTEK Spark. This initiative solidly advanced long-term, sustainable, and high-quality development while maintaining healthy growth in current revenue, gross profit, and user scale. Core businesses such as education, healthcare, automotive, open platform, and consumer products saw healthy development.

In the first half of 2024, while intensifying efforts on iFLYTEK Spark iterations and sustaining industry leadership, the Company expedited the practical deployment of the large language model. Simultaneously, by proactively adjusting the revenue structure, the Company achieved an 18.91% increase in revenue and a 19.08% rise in gross profit, respectively. Additionally, total sales receipts reached 9 billion RMB yuan, marking a year-on-year increase of 1.5 billion RMB yuan.

iFLYTEK Spark continuously strengthens the underlying AI technologies and its practical industry applications, further establishing higher technological barriers and advantages in education, healthcare, automotive, open platform, and consumer products. In the first half of 2024, revenue from education products and services reached 285,971.47 million RMB yuan, a year-on-year increase of 25.14%; healthcare services generated 22,810.16 million RMB yuan, up 18.80% year-on-year; the open platform made 234,459.88 million RMB yuan, an increase of 47.92%; intelligent hardware earned 89,987.32 million RMB yuan, up 56.61%; and the automotive business made 35,236.81 million RMB yuan, increasing by 65.49%. The healthy development of these core businesses fully demonstrates the momentum and potential of "AI+" in the Chinese market.

In the first half of 2024, the Company's gross profit increased by 601 million RMB yuan, while net profit excluding extraordinary items decreased by 179 million RMB yuan compared to the same period last year. The primary reason is the Company's proactive investments exceeding 650 million RMB yuan in general AI opportunities, including iFLYTEK Spark R&D, core technological autonomy, supply chain control, and industrial application of iFLYTEK Spark. These investments, while impacting short-term performance, have significantly bolstered iFLYTEK's foundational AI capabilities, reinforcing its leadership in the Chinese AI industry. On June 27, 2024, the upgraded iFLYTEK Spark V4.0 was released as scheduled. The new iFLYTEK

Spark, benchmarking against ChatGPT-4 Turbo (outperforming the latter in 8 out of 12 mainstream test sets, 10 English evaluations such as HumanEval, WinoGrande and GPQA, and 2 Chinese evaluations C-Eval and CMMLU), fueled the development of several software and hardware products targeting education, healthcare, automotive, and corporate intelligence sectors, demonstrating the Company's advanced LLM application capabilities. iFLYTEK has partnered with key industry leaders including State Grid Corporation of China, PetroChina, China Mobile, PICC, CPIC, Bank of Communications, Chery Automobile, FAW Group, Volkswagen, Haier, and Midea Group. iFLYTEK Spark, trained on an entirely China-made intelligent computing platform Feixing-1 and available for public download, has reached 140 million downloads on Android, leading in China's general-purpose tool LLM apps (data from Qimai Data). The Company's voice and image large models are internationally competitive. In June 2024, iFLYTEK's was awarded the first prize of the State Science and Technology Award for its successful "Multilingual Intelligent Speech Technologies and Industrialization" project, a significant recognition in China's AI sector over the past decade. Facing intense international competition and, in particular, the extreme pressure from the US, iFLYTEK has secured a unique position in the AI arena, building a robust industrial ecosystem. In the first half of 2024, the developer base grew rapidly, with 1.279 million new developers added.

Other factors contributing to the 474 million RMB yuan year-on-year decrease in net profit attributable to the parent company include substantial investment gains from financial assets such as Three's Company Media Group and Cambricon in the first half of 2023, with investment income and fair value changes decreasing by 149 million RMB yuan compared to the same period last year, and other income decreasing by 146 million RMB yuan. Provisions for bad debts increased by 83 million RMB yuan year-on-year (the Company's accounts receivable mainly come from quality customers, with good customer quality, high safety of accounts receivable, and a historically low actual bad debt rate).

In summary, during the first half of 2024, the Company swiftly advanced its LLM research and development on an independent platform, further solidifying its status as a leader in China's AI sector. It effectively explored key product directions for LLM applications and implemented strategic improvements to its business portfolio. As the AI industry benefits from an increasingly favorable development landscape, the Company is poised to drive technological advancements and industrial growth from a more robust foundation, ensuring higher quality in its future endeavors.

For details on the progress of various businesses, please refer to "Section III, I. Business Highlights During This Reporting Period."

#### Year-on-year changes in key financial data

In RMB yuan

Item	H1 2024	H1 2023	Change (increase/decrease)	Reason
Operating income	9,324,545,041.14	7,841,552,405.17	18.91%	
Operating cost	5,576,889,767.73	4,694,484,576.60	18.80%	
Sales expenses	1,626,232,395.12	1,455,178,799.83	11.75%	
Overhead expenses	612,118,633.24	561,374,268.79	9.04%	
Financial expenses	64,225,790.96	4,135,375.16	1,453.08%	Mainly due to an increase in interest expenses
Income tax expenses	-122,083,458.87	-58,089,297.85	-110.17%	Mainly due to a decrease in total profits
R&D expenses	2,190,927,332.72	1,655,745,127.23	32.32%	Mainly due to an increase in R&D expenses and development expenditures
Net cash flow from operating activities	-1,535,556,254.51	-1,528,741,829.11	-0.45%	



Net cash flow from investing activities	-1,645,008,794.00	-847,295,396.73	-94.15%	Mainly due to an increase in expenditures for the acquisition and construction of long-term assets
Net cash flow from financing activities	1,985,265,555.33	1,711,414,866.47	16.00%	
Net increase in cash and cash equivalents	-1,191,093,425.67	-655,326,830.47	-81.76%	Mainly due to a decrease in net cash flow from investing activities

Significant changes in the composition or sources of profit during this reporting period

Applicable  Not applicable

The Company have no significant changes in the composition or sources of profit during the reporting period.

Breakdown of operating income

In RMB yuan

Item	H1 2024		H1 2023		Change (increase/decrease)
	Amount	Percentage	Amount	Percentage	
Total operating income	9,324,545,041.14	100%	7,841,552,405.17	100%	18.91%
By industry					
<b>Main business</b>					
Software and IT services	9,147,037,034.51	98.09%	7,687,303,276.63	98.03%	18.99%
Education	151,861,913.14	1.63%	135,768,914.71	1.73%	11.85%
<b>Other business</b>	25,646,093.49	0.28%	18,480,213.83	0.24%	38.78%
By product					
<b>Main business</b>					
<b>1. Education</b>					
Educational products and services	2,859,714,719.89	30.66%	2,285,269,310.27	29.14%	25.14%
Teaching services	151,861,913.14	1.63%	135,768,914.71	1.73%	11.85%
<b>2. Open platform and consumer business</b>					
Open platform	2,344,598,765.69	25.13%	1,585,090,318.29	20.21%	47.92%
Smart hardware	899,873,232.51	9.65%	574,594,957.61	7.33%	56.61%
Mobile internet products and services	267,435,160.71	2.87%	263,321,828.49	3.36%	1.56%
<b>3. Smart city</b>					
Information engineering	664,484,838.23	7.13%	849,308,092.83	10.83%	-21.76%
Digital government applications	225,483,944.62	2.42%	354,120,052.72	4.52%	-36.33%
Smart legal applications	296,104,259.51	3.18%	302,109,880.52	3.85%	-1.99%
<b>4. Telecom</b>					
Telecom operators	902,148,046.37	9.67%	969,395,553.89	12.36%	-6.94%
<b>5. Smart automotive</b>					
Automotive intelligent networking	352,368,066.05	3.78%	212,924,088.84	2.72%	65.49%
<b>6. Smart healthcare</b>					
Healthcare	228,101,617.41	2.45%	192,003,282.25	2.45%	18.80%
<b>7. Smart finance</b>					
Smart financial products and solutions	97,673,492.28	1.05%	91,340,919.58	1.16%	6.93%

8. Others	9,050,891.24	0.10%	7,824,991.34	0.10%	15.67%
Other business	25,646,093.49	0.28%	18,480,213.83	0.24%	38.78%
By region					
Main business					
East China	4,867,153,971.04	52.20%	3,655,746,700.94	46.61%	33.14%
North China	1,483,719,212.57	15.91%	1,220,551,556.37	15.57%	21.56%
South China	1,457,400,611.90	15.63%	1,124,293,559.08	14.34%	29.63%
Southwest China	603,520,650.97	6.47%	580,187,762.33	7.40%	4.02%
Central China	465,984,968.44	5.00%	573,576,202.45	7.31%	-18.76%
Northwest China	210,586,548.11	2.26%	499,592,869.88	6.37%	-57.85%
Northeast China	153,326,680.18	1.64%	133,073,713.01	1.70%	15.22%
Overseas	57,206,304.44	0.61%	36,049,827.28	0.46%	58.69%
Other business					
East China	25,646,093.49	0.28%	18,480,213.83	0.24%	38.78%

Industries, products, or regions that account for more than 10% of the Company's operating income or operating profit

Applicable Not applicable

In RMB yuan

In the event that the scope of data collection for the Company's main business is adjusted during the reporting

Item	Operating income	Operating cost	Gross margin	Change in operating income compared to H1 2023	Change in operating cost compared to H1 2023	Change in gross margin compared to H1 2023
By industry						
Software and IT services	9,147,037,034.51	5,455,548,011.15	40.36%	18.99%	18.98%	0.01%
By product						
Educational products and services	2,859,714,719.89	1,379,473,395.12	51.76%	25.14%	17.52%	3.12%
Open platform	2,344,598,765.69	1,957,514,595.33	16.51%	47.92%	65.88%	-9.04%
By region						
East China	4,892,800,064.53	2,807,415,312.29	42.62%	33.17%	24.55%	3.97%
North China	1,483,719,212.57	1,020,557,455.18	31.22%	21.56%	41.07%	-9.51%
South China	1,457,400,611.90	937,451,122.50	35.68%	29.63%	34.79%	-2.46%

period, the main business data for the most recent fiscal year has been recalculated based on the adjusted scope at the end of the reporting period.

Applicable Not applicable

The Company must comply with the disclosure requirements for the “Software and Information Technology Services Industry” as specified in the *Guidelines of Shenzhen Stock Exchange for Self-discipline Regulation of Listed Companies No. 3 - Industry Information Disclosure*.

Industries that account for more than 10% of the Company's operating income or operating profit:

Applicable Not applicable

## Breakdown of operating cost

In RMB yuan

Costs	H1 2024		H1 2023		Change (increase/decrease)
	Amount	Percentage	Amount	Percentage	
Material costs	3,090,042,198.87	55.54%	2,758,293,534.83	58.87%	-3.33%
Operating costs	1,998,026,987.44	35.92%	1,364,402,933.58	29.12%	6.80%
Labor and outsourcing costs	475,260,948.16	8.54%	563,076,762.03	12.02%	-3.48%
Total	5,563,330,134.47	100.00%	4,685,773,230.44	100.00%	

Reasons for data changes of more than 30% year-on-year

Applicable Not applicable

## IV. Analysis of Non-core Business Activities

Applicable Not applicable

In RMB yuan

Item	Amount	Percentage of total profits	Explanation of causes	Sustainability
Investment gains	1,439,417.31	-0.24%		
Gain/loss from fair value changes	54,569,918.11	-9.22%	Mainly due to the recognition of gains from fair value changes in UBTECH this period	Determined based on factors such as the secondary market stock performance
Asset impairment	-26,061,126.90	4.40%		
Non-operating income	12,469,501.28	-2.11%		
Non-operating expenses	73,848,843.95	-12.47%		

## V. Analysis of Balance Sheet

## 1. Major Changes in Assets Composition

In RMB yuan

Item	End of H1 2024		End of 2023		Change (increase/decrease)	Explanation of significant changes
	Amount	Percentage	Amount	Percentage		
Cash and cash equivalents	2,371,636,371.21	6.20%	3,562,635,256.73	9.42%	-3.22%	
Accounts receivable	13,133,902,135.56	34.33%	12,165,102,111.50	32.16%	2.17%	
Contract assets	824,168,261.88	2.15%	912,202,079.94	2.41%	-0.26%	
Inventories	2,271,085,187.23	5.94%	2,458,967,642.86	6.50%	-0.56%	
Investment properties	175,963,035.05	0.46%	178,487,697.98	0.47%	-0.01%	
Long-term equity investments	1,452,102,164.86	3.80%	1,437,178,955.91	3.80%	0.00%	
Fixed assets	5,065,137,289.05	13.24%	4,393,874,425.37	11.61%	1.63%	
Constructions in progress	1,058,662,456.59	2.77%	1,241,004,506.05	3.28%	-0.51%	

Right-of-use assets	289,013,458.48	0.76%	357,713,784.46	0.95%	-0.19%	
Short-term borrowings	651,489,745.90	1.70%	242,723,392.49	0.64%	1.06%	
Contract liabilities	1,141,255,079.97	2.98%	1,156,193,365.10	3.06%	-0.08%	
Long-term borrowings	5,868,323,361.60	15.34%	4,554,692,086.61	12.04%	3.30%	
Lease liabilities	184,248,933.64	0.48%	245,614,518.45	0.65%	-0.17%	
Other current assets	495,821,490.95	1.30%	409,416,097.76	1.08%	0.22%	
Long-term receivables	1,151,548,278.37	3.01%	1,224,651,761.01	3.24%	-0.23%	
Other non-current financial assets	593,001,817.71	1.55%	559,885,903.91	1.48%	0.07%	
Intangible assets	2,709,612,588.57	7.08%	3,116,545,232.84	8.24%	-1.16%	
Development expenditure	1,364,566,318.00	3.57%	698,695,357.43	1.85%	1.72%	
Goodwill	1,134,673,186.61	2.97%	1,134,673,186.61	3.00%	-0.03%	
Deferred income tax assets	2,188,202,925.67	5.72%	2,039,063,438.76	5.39%	0.33%	
Bill payable	2,410,590,367.47	6.30%	2,776,112,860.37	7.34%	-1.04%	
Accounts payable	5,268,713,351.74	13.77%	5,100,694,119.20	13.48%	0.29%	
Other payables	693,871,571.98	1.81%	883,036,586.43	2.33%	-0.52%	
Provision	930,152,410.15	2.43%	1,014,664,994.64	2.68%	-0.25%	

## 2. Status of Main Overseas Assets

Applicable Not applicable

## 3. Assets and Liabilities Measured at Fair Value

Applicable Not applicable

In RMB yuan

Item	Beginning balance	Gain/loss from fair value changes for this period	Cumulative changes in fair value recognized in equity	Impairment recognized in this period	Purchase this period	Sale this period	Other changes	Ending balance
Financial assets								
Other non-current financial assets	559,885,903.91	54,569,918.11				21,454,004.31		593,001,817.71
Subtotal of financial assets	559,885,903.91	54,569,918.11				21,454,004.31		593,001,817.71
Total	559,885,903.91	54,569,918.11				21,454,004.31		593,001,817.71

### Other changes

Is there any significant change in the measurement metrics of the Company's main assets during this reporting period?

Yes No

#### 4. Restrictions on Asset Rights as of the End of this Reporting Period

Item	Book balance as of June 30, 2024	Book value as of June 30, 2024	Reasons for restrictions
Cash and cash equivalents	179,819,472.26	179,819,472.26	Margins for banker's acceptance bills and letters of guarantee
Bill receivable	205,835,969.90	205,835,969.90	Pledged for the Group's note pool business
Intangible assets	341,160,417.18	271,506,831.97	Mortgage loan
Total	726,815,859.34	657,162,274.13	

### VI. Investment Analysis

#### 1. Overview

Applicable Not applicable

Amount of investments during H1 2024 (RMB yuan)	Amount of investments during H1 2023 (RMB yuan)	Change (%)
41,537,782.94	263,476,221.69	-84.23%

#### 2. Significant Equity Investments Received During this Reporting Period

Applicable Not applicable

#### 3. Significant Non-equity Investments Under Way During this Reporting Period

Applicable Not applicable

#### 4. Investments in Financial Assets

##### 1) Investments in securities

Applicable Not applicable

In RMB yuan

Type	Code	Name	Initial investment cost	Accounting measurement model	Beginning book value	Gain/loss from fair value changes this period	Cumulative changes in fair value recognized in equity	Purchase this period	Sale this Period	Gain/loss during this reporting period	Ending book value	Accounting entry	Source of fund
Chinese and foreign stocks	605168	Three 'S	9,180,000.00	Fair value measurement	18,374,400.00	-204,540.00			18,169,860.00	-153,168.62	0.00	Other non-current financial assets	Equity capital
Chinese and foreign stocks	H09880	UBTECH	5,832,490.19	Fair value measurement	73,237,552.18	50,980,641.80			0.00	50,980,641.80	124,218,193.98	Other non-current financial assets	Equity capital
	Total		15,012,490.19	--	91,611,952.18	50,776,101.80	0.00	0.00	18,169,860.00	50,827,473.18	124,218,193.98	--	--

**2) Investments in derivatives**Applicable Not applicable

There were no derivative investments during this reporting period.

**5. Use of Raised Funds**Applicable Not applicable

There was no use of raised funds to be disclosed during this reporting period.

**VII. Significant Asset and Equity Sales****1. Significant Asset Sales**Applicable Not applicable

The Company did not sell any significant assets during this reporting period.

**2. Significant Equity Sales**Applicable Not applicable**VIII. Analysis of Major Holding and Participating Companies**Applicable Not applicable

Major subsidiaries and associated companies with at least 10% impact on the Company's net profit

In RMB yuan

Name	Type	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
iFLYTEK Intelligent System Co., Ltd.	Subsidiary	Education, software development, and information engineering	406,000,000.00	11,179,322,703.15	1,919,505,797.51	2,181,433,459.02	-123,034,981.99	-92,212,879.64
iFLYTEK South China Co., Ltd.	Subsidiary	Software development	150,000,000.00	3,013,143,024.72	1,299,771,598.64	503,605,328.25	24,251,164.89	24,907,234.59

Acquisition and disposal of subsidiaries during this reporting period

Applicable Not applicable**IX. Structured Entities Controlled by the Company**Applicable Not applicable**X. Risks Faced by the Company and Countermeasures**

iFLYTEK is committed to value creation and standardized operations, meticulously identifies various risks, and proactively implements strategies to mitigate and reduce risks in the following aspects.

**1. Macroeconomic Environment**

In recent years, the international landscape has become more and more complex, with ongoing interweaving of multiple risks such as global supply chain adjustments and geopolitical conflicts, leading to uncertainties in

the macroeconomic environment. The World Economic Situation and Prospects 2024 launched by the United Nations Department of Economic and Social Affairs indicates that global economic growth is expected to slow from 2.7% in 2023 to 2.4% in 2024. Similarly, forecasts by the International Monetary Fund and the World Bank predict global economic growth rates of 3.1% and 2.4% for 2024, with the former remaining the same and the latter down by 0.2 percentage points from the previous year.

iFLYTEK adheres to a robust development strategy "reaching for the sky, rooted on the ground", maintaining leadership in vital autonomous technologies and advancing its "real needs + generational difference" approach in product applications. The Company effectively uses AI to meet critical societal needs across government, business, and consumer sectors, creating resilient revenue streams that endure economic fluctuations and increasingly focuses on consumer-oriented businesses to navigate macroeconomic uncertainties. Amid demographic shifts like aging populations and falling birth rates, transitioning from demographic to talent, and subsequently to AI application dividends, is becoming essential for industrial progress. The large language model iFLYTEK Spark has given the Company a unique early advantage in the digital economy, bolstering its leadership in AI-enhanced education, healthcare, and industry digital transformation, while opening new avenues in AI personal assistants and expanding the consumer product market. Additionally, iFLYTEK strategically balances risks and opportunities in both domestic and international markets to enhance its global positioning.

## 2. Business Innovation

To seize opportunities in the AI industry and adapt to the rapid technological advancements in the field, major companies are increasingly investing in R&D for new technologies and products. However, the industrialization and commercialization of technology carry considerable uncertainties, posing risks that R&D investments may not yield expected outcomes, thus affecting profitability and growth.

iFLYTEK is deeply committed to its foundational technological innovation, anchored by strong AI core technology R&D. This commitment has enabled steady advances in technological and industrial development. The Company has developed a broad range of applications in cognitive intelligence, and its successes in the market have further enhanced its deep understanding of industry-specific scenarios and its capacity for algorithmic iteration. These achievements continually drive business innovation and mitigate the risks associated with exploratory ventures.

## XI. Progress and Outcomes of the "Dual Improvement in Quality and Returns" Action Plan

Has the Company announced the "Dual Improvement in Quality and Returns" Action Plan?

Yes No

iFLYTEK has devised the "Dual Improvement in Quality and Returns" action plan to embody its investor-centric management philosophy as a listed company and protect investor interests, and reflect its confidence in the AI industry's future and its future development, as well as recognition of the company's value. This plan solidly enhances the Company's quality and investment value, effectively fulfilling the responsibilities of iFLYTEK as a listed company. For details, see the announcement published on February 8, 2024, in the Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <http://www.cninfo.com.cn> under the title "Announcement of iFLYTEK on the Dual Improvement in Quality and Returns Action Plan" (Announcement No. 2024-009). The Company has diligently implemented the action plan, achieving outcomes in H1 2024 as follows:

### 1. Focusing on Value Creation, Actively Seeking Shareholder Returns

iFLYTEK is always committed to achieving long-term returns for investors through solid business development and performance growth, enabling investors to realize long-term value. The Company will continue to advance its value management strategies, strengthen its core competitiveness, and improve main business performance to create value for its shareholders.

While prioritizing long-term development, the Company has maintained a stable profit distribution policy since its initial public offering 16 years ago, consistently issuing annual cash dividends. During the seventh meeting of the sixth Board of Directors on April 21, 2024, and the 2023 annual shareholder meeting on May 13, 2024, the profit distribution plan for 2023 was approved. This year's dividends are calculated based on the total share capital recorded on the equity registration date, excluding shares held in the repurchase account, with a cash dividend of 1 RMB yuan per 10 shares (including tax), totaling 229,317,822.40 RMB yuan. Furthermore, the Company has established a "Three-Year Shareholder Return Plan (2024-2026)" to ensure a balanced approach between company growth, performance improvement, and shareholder returns. This includes a sensible profit distribution strategy and active cash dividend payouts. Additionally, the Company utilizes strategies such as share repurchases to boost investor returns and strengthen market confidence. Over the past three years, cash distributions have amounted to 138% of the average distributable profits from the same period, effectively sharing the fruits of the Company's growth and development with investors.

## **2. Adhering to Independent Innovation, Building Comparative Advantages**

Since its founding 25 years ago, iFLYTEK has diligently concentrated on core AI technologies, including intelligent speech, natural language understanding, machine learning, logic reasoning, and autonomous learning, consistently maintaining a leading position in the international arena. On June 24, 2024, iFLYTEK received with honor the first prize of the State Science and Technology Award for 2023 in Beijing, as the leading contributing entity for its successful "Multilingual Intelligent Speech Technologies and Industrialization" project, the first AI project to win such an honor since the global AI boom ignited by deep learning.

In 2019, iFLYTEK was placed on the US Entity List and faced further extreme pressures in 2022. Despite these challenges, the Company escalated its investment in advancing core technologies and solidifying industry support, achieving outstanding results with the computing platform Feixing-1 which has laid a solid foundation for the Company to maintain an advantage in the LLM race. On June 27, 2024, iFLYTEK Spark was upgraded as scheduled. The released iFLYTEK Spark V4.0 not only matches the capabilities of ChatGPT-4 Turbo, excelling in 8 out of the 12 mainstream test sets (10 English evaluations like HumanEval, WinoGrande and GPQA and 2 Chinese evaluations C-Eval and CMMLU) but also spurred various software and hardware products for education, healthcare, automotive, and corporate intelligence, showcasing the Company's leading capabilities in deploying LLM applications. iFLYTEK has become the preeminent LLM partner for industry leaders such as the National Energy Group, China Petroleum, China Mobile, PICC, Pacific Insurance, Bank of Communications, Chery Automobile, FAW Group, Volkswagen, Haier, and Midea Group.

Currently, as the AI industry continues to welcome an enabling industrial development environment, the Company will enhance its technological and industrial advancement from a solid foundation, targeting long-term opportunities in the AI era. Remaining investor-centric, it is dedicated to achieving dual improvement in quality and returns.

## **3. Strengthening Information Disclosure and Facilitating Investor Communication**

iFLYTEK is committed to promoting transparent, regulated, and open development through effective information disclosure to protect investor rights. For 15 years since IPO, the Company's information disclosure has been consistently rated as excellent (Grade A) by the Shenzhen Stock Exchange. According to statistics,



among all public companies listed in Shenzhen, only 8 have been rated excellent for 15 consecutive years, representing 0.30%. The Company continues to improve the quality of information disclosure year after year, strictly adhering to the law and the regulatory requirements of the China Securities Regulatory Commission and the Shenzhen Stock Exchange. It provides multi-level, multi-angle, and comprehensive information on corporate management, business operations, strategy, finance, industry, and other significant matters to investors, continuously enhancing transparency and safeguarding investor interests. The sufficient and accurate communication of the Company's intrinsic value aids investors' decision-making, especially those holding a value investment philosophy.

To ensure seamless access to information for investors, iFLYTEK has consistently broadened and deepened its communication channels. Following the release of regular financial reports, the Company promptly organizes investor relations events. Recognizing investors' interest in engaging directly with the Company, iFLYTEK introduced an innovative "Cloud Exhibition Hall." This virtual platform, accessible at <https://www.iflytek.com/exhibition.html>, allows investors to virtually explore product information and business applications in detail. Additionally, on April 23, 2024, iFLYTEK hosted a performance briefing from 3:00 PM to 5:00 PM, immediately after publishing its 2023 annual and the first quarter of 2024 reports, facilitating both online and in-person discussions to proactively address investor queries.

In April 2024, the China Association for Public Companies, Shenzhen Stock Exchange, and Shanghai Stock Exchange jointly held the first full-market investor relations evaluation, where iFLYTEK was selected as a case of "Best Practice in Investor Relations Management" among listed companies. This accolade was further highlighted by including iFLYTEK in the compilation of best practice cases.

#### **4. Improving Corporate Governance to Promote High-Quality Development**

iFLYTEK is committed to being a public company that operates in compliance with regulations, embedding standardized governance into the core of its corporate culture. The Company continuously enhances its governance framework, refines its corporate governance structure, and strengthens its comprehensive internal control system. Through proactive governance activities, iFLYTEK ensures the effective functioning of its governance structure which clearly delineates the responsibilities and powers of the Shareholders' Meeting, the Board of Directors (both independent and non-independent directors), the Supervisory Board, and the Management with respect to decision-making, execution, and supervision. The Board of Directors faithfully implements the resolutions of the Shareholders' Meeting, fulfilling its duty of integrity, while the Management diligently carries out the responsibilities entrusted by the Board of Directors. After a systematic evaluation by the China Association for Public Companies, iFLYTEK has been honored with awards such as "Best Practice of the Board of Directors," "Best Practice of the Supervisory Board," and "Best Practice in Corporate Governance," which provide strong guarantees for effective corporate governance and the protection of shareholders' rights and interests.

Leveraging its internationally advanced AI technologies, iFLYTEK will continue to harness AI to enhance its corporate governance. In compliance with established corporate governance and internal control standards, the Company will employ AI and big data technologies to systematize and standardize its governance and internal management processes, ensuring well-regulated operations. The governance framework encompassing the Shareholders' Meeting, the Board of Directors, the Supervisory Board, and the Management will adhere to the philosophy of "respecting the market and leveraging its power," continuously enhancing operational efficiency and decision-making science. This approach actively supports the Company's growth and strengthens its position through the strategic use of the capital market.

## Section IV Corporate Governance

### I. Annual General Meeting and Extraordinary Shareholders' Meeting Convened During this Reporting Period

#### 1. Shareholders' Meetings in H1 2024

Session	Type	Investor participation	Meeting date	Disclosure date	Resolution
First Extraordinary shareholders' meeting in 2024	Extraordinary shareholders' meeting	37.77%	January 25, 2024	January 26, 2024	The Announcement on the Resolution of the First Extraordinary General Meeting of Shareholders in 2024 was published on January 26, 2024, in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Announcement No. 2024-006).
2023 Annual General Meeting	Annual general meeting	31.14%	May 13, 2024	May 14, 2024	The Announcement on the Resolution of the Annual General Meeting of Shareholders for 2023 was published on May 14, 2024, in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> (Announcement No. 2024-030).

#### 2. Preferred shareholders with restored voting rights requesting the convening of an extraordinary general meeting

Applicable Not applicable

### II. Changes in the Company's Directors, Supervisors and Senior Management Members

Applicable Not applicable

Name	Position	Change	Date	Reason
Liu Xin	Director	Resigned	April 9, 2024	Due to job adjustment, Liu Xin resigned from the position as director and accordingly, from the Strategic Committee of the Board.
Liu Wei	Chair of the Board of Supervisors	Resigned	April 9, 2024	Due to job adjustment, Liu Wei resigned from the positions as supervisor and chair of the Supervisory Board.
Wang Hongxing	Director	Resigned	March 22, 2024	Due to work reasons, Wang Hongxin resigned from the position as supervisor.
Chen Hongtao	Director	Elected	May 13, 2024	Chen Hongtao was elected as director to fill the vacancy left by Liu Xin's resignation.
Cao Yingchun	Chair of the Board of Supervisors	Elected	May 13, 2024	Cao Yingchun was elected as supervisor to fill the vacancy left by Liu Wei's resignation.

### III. Profit Distribution and Conversion of Capital Reserves into Share Capital in H1 2024

Applicable Not applicable

The Company plans not to distribute cash dividends, issue bonus shares, or use capital reserves to increase share capital for this mid-year period.

### IV. Implementation of the Company's Stock Incentive Plan, Employee Stock Ownership Plan, or Other Employee Incentive Measures

Applicable Not applicable

#### 1. Stock Incentive Plan

##### 1) Restricted stock from the 2021 Stock Option and Restricted Stock Incentive Plan

On November 29, 2023, the Company's sixth Board of Directors at its fifth meeting approved the Proposal on the Cancellation of Some Stock Options Under the Stock Incentive Plan. Due to 26 beneficiaries of the stock option plan not exercising their options within the valid period, the Company will cancel 154,090 unexercised stock options. For details, see the announcement published on November 30, 2023, in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <http://www.cninfo.com.cn> titled "Announcement on the Cancellation of Some Stock Options Under the Stock Incentive Plan." Simultaneously, at the same meeting, the "Proposal on the Repurchase and Cancellation of Some Granted Restricted Shares" was approved. As 84 employees who were recipients of the restricted stock under the 2021 Stock Option and Restricted Stock Incentive Plan had resigned, the Company plans to repurchase and cancel 177,640 shares of restricted stock still under restriction, adjusting the number of incentive recipients to 1,987 people. For details, see the announcement published on November 30, 2023, in the aforementioned publications and on the CNINFO website titled "Announcement on the Repurchase and Cancellation of Some Granted Restricted Shares." This repurchase and cancellation was completed on February 23, 2024.

On April 21, 2024, the Company's sixth Board of Directors at its seventh meeting approved another "Proposal on the Repurchase and Cancellation of Some Granted Restricted Shares." Due to some employees leaving, failing performance assessments, or not meeting the conditions for lifting restrictions from the 2021 Stock Option and Restricted Stock Incentive Plan, the Company intends to repurchase and cancel 3,641,608 shares of restricted stock still under restriction from the 1,987 incentive recipients, adjusting the number of incentive recipients to 1,936 people. For details, see the announcement published on April 23, 2024, in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <http://www.cninfo.com.cn> titled "Announcement on the Repurchase and Cancellation of Some Granted Restricted Shares" (Announcement No. 2024-023). This repurchase and cancellation was completed on June 7, 2024.

##### 2) Stock options from the 2021 Stock Option and Restricted Stock Incentive Plan

On April 21, 2024, the Company's sixth Board of Directors at its seventh meeting approved a "Proposal on the Cancellation of Some Stock Options Under the Stock Incentive Plan." Due to some stock options from the third exercise period of the Stock Option and Restricted Stock Incentive Plan not meeting the exercise conditions, the Company canceled 252,832 stock options granted to 65 incentive recipients during this period. For details, see the announcement published on April 23, 2024, in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and on the CNINFO website at <http://www.cninfo.com.cn> titled

"Announcement on the Cancellation of Some Stock Options Under the Stock Incentive Plan" (Announcement No. 2024-024). This cancellation was completed on April 30, 2024.

## **2. Implementation of the Employee Stock Ownership Plan**

Applicable Not applicable

## **3. Other Employee Incentive Measures**

Applicable Not applicable

## Section V Environmental and Social Responsibility

### I. Major Environmental Issues

Is the Company or its subsidiaries key corporate polluters announced by the environmental protection authorities:

Yes  No

Administrative penalties for environmental pollution during this reporting period:

Company name	Reason for the penalty	Violation	Penalty	Impact on the operations of the listed company	Corrective measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental pollution information disclosed with reference key corporate polluters:

iFLYTEK is a technology company engaged in artificial intelligence and software application development, which does not involve the discharge of industrial wastewater, waste gases, waste materials, or noise in its daily operations. The Company implements a comprehensive approach for waste reduction encompassing infrastructure building, daily operation and living, park environment development, and resource conservation, demonstrating its commitment to sustainable development.

iFLYTEK has established a series of Measures for Waste Gas, Wastewater, Noise, and Solid Waste Management, firmly adhering to the "Reduce, Reuse, Recycle" (3R) principle. The Company recycles waste materials to ensure effective control of emissions of waste gases, wastewater, and solid waste. It standardizes waste collection, reuse, recycling, and harmless treatment to reduce environmental pollution and create a greener, more environment-friendly, and healthier work environment.

### 1. Waste Gas Management

iFLYTEK places a high priority on managing greenhouse gas emissions produced during its operations. It enhances the identification and accounting of carbon emissions and formulates effective measures to reduce carbon emissions across the Company's operations and value chain.

#### Types of Greenhouse Gas Emissions

Type 1	Emissions from the combustion of fuels, including emissions from all vehicles the Company owns
Type 2	Indirect emissions from consumption of purchased electricity, heat, and steam
Type 3	Emissions associated with purchased goods and services, business travel, employee commuting, waste disposal, emissions from the sale and use of products, transportation and distribution activities, investments, leased assets, and franchise operations

In the first half of 2024, the carbon emissions from daily consumption of electricity (excluding the energy consumption for public capabilities such as IDC data centers) at iFLYTEK's headquarters increased by 5.50% year on year, mainly because, when economic and social activities struggled to recover in January 2023, many people were working from home and the Company's electricity consumption was relatively low. However, carbon and CO<sub>2</sub> emissions per million RMB yuan of output value saw a decrease of 8.82% and 11.11% respectively in the first half of 2024 compared to the same period last year.

Half year	Carbon emissions (tons)	Change in carbon emissions	Carbon emissions per million yuan of output value (tons/million yuan)	Change in carbon emissions per million yuan of output value	CO <sub>2</sub> emissions (tons)	Change in CO <sub>2</sub> emissions	CO <sub>2</sub> emissions per million yuan of output value (tons/million yuan)	Change in CO <sub>2</sub> emissions per million yuan of output value

2024	2,846.40	5.50%	0.31	-8.82%	10,433.33	5.50%	1.12	-11.11%
2023	2,697.97	-	0.34	-	9,889.24	-	1.26	-

The main sources of waste gas emissions in the Company's operations are the exhaust emissions from business and commuting vehicles and the fumes from the canteen operations. The company has tried to reduce waste gas emissions using the following methods:

- Strengthening vehicle management and controlling waste gas emissions using fume purification devices;
- Formulating the Administrative Measures for Vehicle Management to optimize fuel use and vehicle maintenance;
- Introducing electric buses in transportation services;
- Encouraging green travel and reducing commuting vehicle use through carpooling subsidies.

## 2. Wastewater Management

The main types of wastewater generated during the Company's operations are domestic wastewater and canteen processing wastewater. The wastewater is managed through a separate sewer design, where toilet sewage is directed into the municipal sewage network; other wastewater, such as floor washing water, is discharged into the sewage network within the park; and canteen wastewater is treated through oil separation and sedimentation before being discharged into the municipal sewage network.

## 3. Solid Waste Management

Each department within the Company is responsible for collecting, labeling, and storing solid waste in their respective areas and at the workplace according to solid waste classification requirements. Wastes are labeled as "Recyclable Solid Waste," "Non-recyclable Solid Waste," "Disposable Hazardous Solid Waste," and "Non-disposable Hazardous Solid Waste." Various types of solid waste, piled at designated locations, are uniformly collected and transported by the contractor responsible for solid waste management.

### Solid Waste Classification

General Solid Waste	Recyclable Solid Waste	Packaging materials, scrap wires, etc.
	Non-recyclable Solid Waste	Domestic waste, kitchen waste, etc.
Hazardous Solid Waste	Disposable Hazardous Solid Waste	Solid waste with oil, used gloves, used carbon boxes, used toner cartridges, etc.
	Non-disposable Hazardous Solid Waste	Used batteries, spent fluorescent tubes, used computer screens, used electronic components, etc.

The Company regularly inspects the storage and disposal of various types of waste, implementing multiple measures to effectively avoid the generation of wastes. For electronic products such as old servers, upgrades and modifications are carried out to extend their service life; for retired and scrapped electronic equipment, they are disassembled to recycle usable parts; for electronic office equipment like laptops, employees can apply for buyback and personal reuse after a certain period of use; and hard drives are demagnetized and damaged to produce recyclable crushed particles.

## 4. Packaging Management

The Company continues to promote green packaging, reducing the use of polluting packaging materials and increasing the use of green packaging materials through various arrangements. Green and environment-friendly packaging products are procured and applied more extensively, with only green and recyclable materials used for both internal and external logistics packaging.

## 5. Noise Management

The Company places importance on maintaining a quiet and peaceful environment in office areas and effectively implements noise control measures. Power distribution rooms and pump rooms are independently located in dedicated equipment rooms, and important facilities and equipment are equipped with vibration reduction devices or undergo technical upgrades.

Measures taken to reduce carbon emissions during this reporting period and their effects

Applicable Not applicable

iFLYTEK's Board of Directors has established a dedicated ESG committee to oversee ESG-related matters, including risks and opportunities related to climate change and carbon neutrality actions. Under the guidance of the Board's ESG committee, iFLYTEK has established the following climate change response framework:

### **iFLYTEK's Climate Change Response Framework**

Governance	The Board's ESG Committee is responsible for overseeing ESG-related matters, including risks and opportunities associated with climate change and carbon neutrality actions.			
Strategy	Conducting quantitative analysis and assessment of climate change risks and opportunities, and customizing climate risk response methods	Policy and Regulatory Risks	Implementing carbon emission control policies, etc.	Promoting the efficient use of clean and low-carbon energy sources; promoting the R&D and application of new technologies and materials
		Technological Risks	Technology innovations to lower emissions	
		Market Risks	Market preference for low-carbon products	
		Reputational Risks	Public preference for green technologies	
		Emergent Physical Risks	Typhoons, floods, etc.	
	Chronic Physical Risks	Changes in precipitation, rising average temperatures, etc.		
Risk Management	Identifying climate risks and opportunities related to the Company, incorporate climate risk management into the Company's risk assessment and management system, and developing measures for managing key risks and opportunities.			
Metrics and Targets	Carbon Emissions	Total greenhouse gas emissions	Promoting carbon neutrality	
	Energy	Total energy consumption	Promoting the procurement of green electricity	
	Wastes	Waste disposal volume	Reducing waste per unit of revenue year by year	

iFLYTEK considers environmental technology innovation in response to climate change as one of the key strategic goals of its ESG framework. Recognizing the significant role that artificial intelligence and big data play in areas such as carbon reduction, carbon monitoring, green finance, and carbon emission trading, iFLYTEK is actively increasing its investment in environmental technologies. Leveraging its proprietary, world-leading AI technologies, iFLYTEK is committed to promoting the application of environmental technology and assisting in reducing environmental pollution and stress. The Company's efforts are aimed at using AI to support low-carbon and eco-friendly initiatives.

## **1. Green Innovation Investment and Optimization of IDC Carbon Emissions**

iFLYTEK's data center actively aligns with the national dual-carbon goals and aims to set regional benchmark for green data centers. By optimizing the energy structure, applying low-carbon technologies, and implementing energy efficiency management, carbon emissions are significantly reduced.

### 1) Optimization of energy structure

Purchasing and using green electricity is the most important and direct method to reduce carbon emissions. The purchase of green electricity offsets carbon emissions. Starting from April 2024, iFLYTEK has included renewable energy in the power supply of its B3 data center, utilizing renewable green energy sources such as wind and photovoltaic power to optimize the energy structure. By May, the proportion of green electricity has reached 90%.



iFLYTEK's Green Electricity Transaction Certificate

### 2) Application of low-carbon technologies

- High-efficiency power supply and distribution products: The 10KV AC input DC uninterruptible power supply system called "Panama power architecture" is the first of its kind to be applied in Anhui Province;
- High-efficiency refrigeration/cooling products: They include magnetic levitation phase change cooling (the first of its kind to be applied in Anhui Province), fluorine pump multi-loop natural cooling technology and units, water thermal storage technology, and natural plate heat exchangers;
- AI intelligent group control system: Using reinforced learning algorithms, the control system will select the optimal number of cooling water pumps and cooling towers, and frequency control strategy based on the current chiller load and current climate conditions. This reduces the power consumption of the HVAC system and also optimizes its operation, improving the health of the air conditioning system operation.

### 3) Energy efficiency management

At the corporate policy level, the Company has established Measures for Energy and Resource Conservation Management, aiming to scientifically and reasonably enhance the efficiency of energy and resource utilization, and promote the conservation and recycling of energy and resources. Clear provisions are made on the division of responsibilities among various departments and the rules of work.

At the departmental policy level, the Company's data center has formulated: a. the Green Procurement Rules, which encompasses environmental protection, resource conservation, safety and health, recycling, low carbon, and recycling, and encourages the procurement and use of energy-saving, water-saving, and environment-friendly materials. The data center's green procurement rules contain well-defined procurement standards; b. the Energy Consumption Rules, which ensures the rational planning and use of electricity, cooling, and water



consumption in the data center, and dictates the statistics and analysis of energy consumption, the establishment of energy-efficiency task teams, and the implementation of equipment energy-efficiency methods; c. the Waste Material Recycling and Scrap Disposal Rules, which aims at rational use of material resources, aligns with the national carbon peaking and carbon neutrality initiative, improves the green supply chain management system, manages the full-life-cycle carbon emissions, and clearly stipulates the waste material management methods and classification at the data center.

## **2. Scientific Utilization of Resources and Commitment to Environment Friendliness**

iFLYTEK takes green development its path towards a sustainable future, paying close attention to the ecological impact of its operations and value chain. Guided by its commitment to being "green, low-carbon, and recycling," the Company adopts vigorous methods to control pollution emissions, and advocates green concepts as part of its corporate culture. It follows a multi-faceted approach encompassing infrastructure building, operation and daily life management, campus environment governance, and resource conservation and utilization. iFLYTEK strictly implements relevant national and industry regulations, insisting on the alignment between the Company's own development and the protection of the environment.

### **1) Advocating green office practices**

iFLYTEK actively scales up its investment in green office practices, forming a work style that is energy-efficient, environment-friendly, economical, and healthy. The Company has improved its OA system and iFLYREC online meeting systems, promoting "intelligent paperless office" in certain scenarios. By advancing digital management, it has deployed intelligent AI applications in multiple scenarios such as "AI+Office", "AI+Recruitment", "AI+Finance", "AI+Campus," enhancing efficiency and aiding energy saving and emissions reduction. The Company places special emphasis on investment in energy efficiency, emissions reduction, and greening in the daily operation and living environment. The Company take all possible measures to ensure energy conservation and consumption reduction during equipment use, scientifically and reasonably improving the efficiency of energy and resource utilization, and promoting the conservation and recycling of energy and resources.

### **2) Incentivizing carbon reducing behaviors**

To encourage its employees to reduce travel by fossil fuel vehicles, iFLYTEK has developed an internal carpooling software called "AI Pool." It organizes employees driving private cars to pick up colleagues on their way to and from work. On one hand, this policy provides free ride services for employees, and on the other hand offers vehicle maintenance, car washing services, and subsidies for car owners. Currently, AI Pool has covered 19 cities including Hefei, Wuhu, Qingdao, and Guangzhou, serving about 2,000 passengers per day, equivalent to a daily reduction of 2,000 vehicles on the road.

To encourage its employees to use alternative-fuel vehicles, the Company has installed AC and DC charging piles (with two charging guns per pile) at its headquarters campus for employees to charge their vehicles. It also provides charging subsidies for employees who drive electric cars to workplaces, with a subsidy of 1 RMB yuan/kilometer.

The Company strongly advocates green commuting, providing support for employees' commuting needs by setting up 30 regular bus routes, shuttles to and from subway stations, and evening buses. The Company encourages employees to use public transportation or alternative fuel vehicles more often in daily living. The Company also advocates the "135" green travel mode, which stands for "walking within 1 kilometer", "cycling within 3 kilometers", and "taking public transportation within 5 kilometers", which urges its employees to "walk if they can, cycle if they can't walk, take public transport if they can't cycle, and drive only when necessary." It encourages its employees to adopt healthy and environment-friendly travel methods and to be practitioners of

green travel.

### 3) Strengthening environmental supervision

The Company has established rules and regulations such as the Procedures Concerning Nonconformity, Corrective Actions, and Preventive Measures and the Objectives, Targets, Management Plan and Control Procedures for inspecting, assessing, and controlling the environmental performance of each business unit/department, providing a framework for environmental protection.

The Company monitors the consumption of water and electricity on a weekly basis, supplemented by irregular spot checks, to strengthen the awareness of resource conservation and environmental protection among its employees and business units/departments.

The Company urges suppliers to fulfill their energy responsibilities, integrates supplier energy usage into its assessment framework, and generates weekly reports from data analysis to identify any irregularities. It also continuously optimizes working rules and establishes a mechanism for evaluating results.

### 4) Energy-efficiency measures

iFLYTEK has formulated the Measures for Energy and Resource Conservation Management and the Implementation Plan for Enhancing Energy Efficiency and Consumption Control, working to reduce the ecological impact of its operations and value chain. It implements energy-saving measures in every aspect of its operations, exploring an economic model that supports the carbon peaking and carbon neutrality goals of China.

**Saving Water and Electricity:** The Company uses energy-efficient lighting products in office spaces; optimizes lighting circuits, increases area control, strengthens patrols of unoccupied office areas after work to turn off unnecessary lighting, in order to save electricity. It selects water-saving fixtures to realize water conservation. During holidays, it partially suspends the use of elevators, water heaters, etc., to reduce energy consumption.

**Saving Energy:** The Company strengthens the management of energy consumption. It enhances the daily inspection and maintenance of energy pipelines to eliminate leaks, optimizes the efficiency of equipment operation, and ensures safety. The Company opts for economical routes and carpool for traveling.

**Saving Paper.** The Company advocates paperless office practices and the use of paper certified by the Forest Stewardship Council (FSC). It advocates paper recycling, prioritizes double-sided printing and black-and-white printing, and reduces the use of toner cartridges. Except for special requirements for office paper that must be single-sided, all others are double-sided or distributed in electronic format to reduce paper consumption.

**Air Conditioning:** The Company strengthens the management over the use of air conditioning, turning on air conditioning when the temperature is higher than 30°C in summer, with a centralized control setting of 26°C-30°C; in winter, air conditioning is turned on when the temperature is below 10°C, with a centralized control setting of 19°C-22°C. On weekdays, air conditioning is centrally turned off at 17:45, 20:00, and every two hours after 20:00, while on weekends, an additional centralized turn-off is added at 11:00 and 15:00.

**Elevators:** The Company distinguishes working hours and areas, and sets the operation time and the number of available elevators according to the peak and valley periods of use. During holidays, it suspends the use of elevators and other equipment to reduce energy consumption.

## 3. Green Industry Applications

iFLYTEK supports “carbon peaking and carbon neutrality” goals in various industry sectors, using artificial intelligence to facilitate the creation of green industry applications. iFLYTEK works together with relevant research institutions to create innovative industry applications for various scenarios where carbon peaking and carbon neutrality are mandated, including Nankai University, the Institute of Computing Technology of the Chinese Academy of Sciences, and Northeastern University.

Based on perceptual and cognitive intelligence, iFLYTEK has built an energy efficiency control system and various predictive models, creating an AI energy-saving “super brain” solution with integrated software and hardware that effectively improves energy efficiency and reduces operational and maintenance costs. For example, iFLYTEK has helped telecom operators achieve energy conservation and emissions reduction in base station machine rooms, which has been promoted in multiple provinces.

Based on the urban platform and digital infrastructure, iFLYTEK actively explores methods for carbon emission assessment, detection, and analysis, as well as decision support models, and provides low-carbon planning and optimization solutions for urban managers, supporting the green and low-carbon development of cities. For instance, targeting the typical scenario of vehicle exhaust emissions (according to estimates by the China Automotive Technology and Research Center, automotive carbon emissions account for more than 80% of carbon emissions in China's transportation sector and about 7.5% of China's total carbon emissions), iFLYTEK's "Transportation Super Brain" solution uses AI to learn from traffic data, empowering urban traffic management and the translation of data into smart decisions. Taking the Transportation Super Brain of Hefei for example. By fully integrating traffic data into the monitoring platform, the “super brain” recognizes traffic junctions and road sections, gives real-time congestion alerts, and digs out frequent congestion points, providing scientific data support for traffic administration, effectively improving traffic efficiency, and helping reduce carbon emissions.

To promote the development and application of environment solutions, the iFLYTEK Open Platform has set up a section dedicated to smart environment protection (<https://www.xfyun.cn/industry/ai-ep>). The platform has produced more than ten industry solutions such as intelligent environment and meteorological monitoring, intelligent environmental protection, and intelligent waste sorting solutions, fully empowering smart environmental protection, allowing urban developers to use iFLYTEK's AI capabilities more conveniently in scenarios such as pollution monitoring and waste recycling and classification.

#### **4. Climate Change Response**

iFLYTEK pays close attention to the impact of global climate change, engages in actions to address it, and creates exemplary carbon-neutral applications.

iFLYTEK's Artificial Intelligence R&D and Production Base is creating a model of green building: Approaching from an urban design perspective, it proposes the "Park X" concept and the "Campus X" spatial structure, shaping a brand-new office space layout, and transforming the entire headquarters campus into an ecologically harmonious “park.” Meanwhile, it maintains the ecology-friendliness of the buildings themselves by adding solar photovoltaic panels, continuous terraces covered with green plants, and rooftop gardens, making the office space into a real “park” by ensuring exposure to sunlight and natural harmony.

The Company adheres to the principles of "greenness and energy efficiency" in the development of the campus. Utilizing large language model capabilities for operation and maintenance strategy recommendation in building design and construction, the Company intelligently generates operation and maintenance plans and monitors the status of various equipment in real-time. When employees leave office areas or meeting rooms are vacant, the system will recognize and automatically perform actions such as turning off lights and air conditioning, intelligently reducing energy consumption. At the same time, in various corners of the campus, photovoltaic power generation equipment is also quietly collecting clean energy. The integration of green energy and office energy-saving measures makes the park a truly "green" space. After selection and recommendation, and expert review, it has successfully been included as a 2023 Anhui Province Smart Construction Pilot Project.

## II. Fulfillment of Social Responsibilities

As a leading AI company in China, iFLYTEK is committed to building a better world with AI, and fulfills social responsibilities to advance social progress as well as AI technology and industry development. In the first half of 2024, the Company's main efforts to fulfill its social responsibilities, especially regarding poverty alleviation and rural revitalization, are as follows:

### 1. “AI for Inclusive Education” Initiative to Reinforce Rural Education

iFLYTEK has extended AI applications to rural schools, aiming to uplift the quality of education in underprivileged areas and promote equal access to high-quality educational resources. This initiative addresses the critical need for educational equity, covering the "last mile" of compulsory education.

As the foundation of China's education system, the development of small rural schools is essential for ensuring access to quality education for all, especially in remote areas. Given the current distribution challenges of excellent teachers, iFLYTEK focuses on improving educational quality in rural schools with limited resources by using technology to enhance the availability of high-quality educational materials and to encourage the sharing of these resources between urban and rural schools.

In this context, iFLYTEK has launched the AI for Inclusive Education initiative, which aims to break the cycle of poverty by providing support at the root. The initiative brings AI technology to rural schools, offering educational tools, toys, curricula, teacher training, and volunteer teaching services. This enables children in less developed areas to access advanced educational resources and to benefit from technological progress. Since its launch in 2017, the initiative has been implemented in over 1,000 schools nationwide, offering AI-based teaching solutions to innumerable teachers and students.

In April 2024, under the “AI for Inclusive Education” initiative, iFLYTEK donated an AI+Mental Health system and equipment and a data-driven customized teaching system to Tonghua No.1 Middle School in Jilin Province. This included a smart mental health platform, an AI psychological companion, an AI counseling room, and data display screens as part of the smart education solution. In July, in collaboration with China Women's Development Foundation, the initiative was extended to Neihuang County, Anyang City, Henan Province, where iFLYTEK's AI learning devices were donated to primary school students, allowing them to experience personalized learning through AI.

### 2. Exploring New Paths for Industrial Development to Boost Rural Industry Revitalization

iFLYTEK assists in enhancing local forestry infrastructure, supporting rural tourism projects, and backing infrastructure development in backward “revolutionary base areas” to increase local employment opportunities and enhance the industrial development momentum, thereby boosting rural revitalization.

In July 2021, iFLYTEK entered into a donation agreement with Jing County, a revolutionary base area, committing 10 million RMB yuan for ecological conservation and rural revitalization efforts in Xiaokang Village, Caicheng Town of the county. The initiative prioritized the ecological protection of Moso bamboo and the growth of "forest floor" industries. As a result, all 25 eligible forest roads in Caicheng Town were constructed and expanded to a total length of about 21.1 kilometers, through an investment of approximately 1.05 million RMB yuan. This infrastructure facilitated the transportation of around 18,050 tons of Moso bamboo, leading to sales revenue of approximately 9.3 million RMB yuan. The road development also reduced the cost of harvesting Moso bamboo by 14-18 RMB yuan per 100 kilograms, which translated to a net income increase of over 2.8 million RMB yuan for more than 900 forestry families.

Since the initiative's inception, iFLYTEK has supported Caicheng Town by establishing a bamboo forest

camping site in Xiaokang Village equipped with beach vehicles, go-karts, and a horse-riding field. This project has provided employment for over 20 villagers and has brought an annual revenue of about 1 million RMB yuan to the village. Moreover, iFLYTEK has been instrumental in fostering local industrial development. Inspired by the traditional Dragon Boat Festival, the Company has processed Moso bamboo through 11 steps to produce cultural and creative artifacts, thereby creating additional employment and income opportunities for the local people.

### **3. Sound Horizons: The iFLYTEK Hearing Inclusion Project**

iFLYTEK utilizes AI to assist individuals with hearing impairments in better integrating into society, harnessing the power of technology to serve more people in need, and promoting the creation of a more inclusive and friendly social environment for the hearing-impaired.

In February 2024, iFLYTEK Medical collaborated with the Audiology Development Foundation of China and the producing company of the film Article 20 to initiate the "Sound Horizons: The iFLYTEK Hearing Inclusion Project." On the occasion of the 25th International Ear Care Day on March 3, the project delivered a significant public welfare event in Beijing, where iFLYTEK Medical, together with the Audiology Development Foundation, demonstrated their commitment to the hearing-impaired. This event included a donation ceremony for iFLYTEK's smart hearing aid, through which 1,000 hearing-impaired individuals, with priority given to those from financially disadvantaged backgrounds, received the aids. These AI-enhanced hearing aids are designed to remove communication barriers, enabling recipients to hear the world's sounds. The project's impact extended online, engaging nearly 100,000 netizens in advocacy efforts for the hearing-impaired.

## Section VI Significant Events

### I. Commitments by the Company's de facto controller, shareholders, related parties, and acquirers, as well as the company itself, that were fulfilled during this reporting period or remained unfulfilled as of the end of this reporting period

Applicable Not applicable

Commitment	Made by	Type	Content	Time	Duration	Performance
Commitment made in the acquisition report or Statement of Changes in Owners' Equity	1. The Company's de facto controllers (Liu Qingfeng and USTC Holdings Co., Ltd.)	Commitment by the de facto controller	Avoiding competition within the same industry, regulating related-party transactions, and preventing the misuse of funds; ensuring the independence of the listed company	November 20, 2014	Period of acting in concert	Ongoing
	2. Yang Jun, Wang Binbin, Xu Guiqin & Zhu Peng	Other commitments	Commitment to avoiding competition within the same industry, and commitments to reducing and regulating related-party transactions, etc.	December 9, 2016	Period of being a shareholder of the listed company	Ongoing
	3. Beijing Le Jiao Rong Zhi Investment Development Partnership Company (Limited Partnership), Beijing Jia Hui Jin Yuan Investment Development Partnership Company (Limited Partnership) & Zhang Shaohua	Other commitments	Commitment to avoiding competition within the same industry, and commitments to reducing and regulating related-party transactions, etc.	December 9, 2016	Period of being a shareholder of the listed company	Completed
Commitment made at IPO or refinancing	1. Liu Qingfeng, the Company's de facto controller	Commitment at IPO	<p>1. During my tenure at iFLYTEK, I will not transfer more than twenty-five percent of the total shares I hold in iFLYTEK in any given year. Furthermore, should I resign from iFLYTEK, I pledge not to transfer any shares of iFLYTEK that I hold within six months following my resignation.</p> <p>2.</p> <p>3. While I hold shares in iFLYTEK, I will not engage in any business that competes with or is similar to iFLYTEK's operations. I will not directly invest in or</p>	April 24, 2008	Period of acting as a de facto controller	Ongoing

			acquire any enterprise or project that competes with or is similar to iFLYTEK's business, nor will I provide any form of assistance to competitors. In the event that I become involved in any competition with iFLYTEK, regardless of the circumstances, I will actively implement effective measures to relinquish such competitive activities. 4.			
	2. Ningbo Saite Equity Investment Partnership Enterprise	Other commitments	Commitment to avoiding competition within the same industry, and commitments to reducing and regulating related-party transactions, etc.	March 17, 2017	Period of being a shareholder of the listed company	Ongoing
	3.Nanjing Chuangyi Investment Management Center (Limited Partnership)	Other commitments	Commitment to avoiding competition within the same industry, and commitments to reducing and regulating related-party transactions, etc.	March 17, 2017	Period of being a shareholder of the listed company	Completed
Stock incentive commitment	The Company and rewardees	Other commitments	The Company pledges not to provide any financial assistance, including loans or guarantees, to the incentive recipients for obtaining stock options or restricted shares under this plan. The recipients pledge to return all benefits received from this plan to the Company if it is determined that the Company's eligibility to grant or exercise these rights is invalidated due to false statements, misleading information, or significant omissions in the disclosed documents.	August 26, 2021	Period of implementing the stock incentive plan	Ongoing
Has the commitment been performed in time?	Yes					
If the commitment is not fulfilled by the deadline, provide a detailed explanation of the reasons for the incomplete fulfillment and outline the subsequent work plan	Not applicable					

## **II. Non-operating Fund Occupancy by the Controlling Shareholder and Other Related Parties of the Listed Company**

Applicable Not applicable

There were no instances of non-operating fund occupancy by the controlling shareholder or other related parties regarding the listed company during this reporting period.

## **III. Non-compliant External Guarantees**

Applicable Not applicable

There were no instances of non-compliant external guarantees during this reporting period.

## **IV. Appointment and Dismissal of Accounting Firm**

Has the semi-annual financial statement been audited?

Yes  No

The Company's semi-annual statement has not been audited.

## **V. Explanation by the Board of Directors and the Board of Supervisors, if any, regarding the non-standard audit report issued by the accounting firm for the first half of 2024**

Applicable Not applicable

## **VI. The Board of Directors' Explanation to the Non-standard Audit Report for Year 2023**

Applicable Not applicable

## **VII. Bankruptcy Reorganization**

Applicable Not applicable

The Company did not undergo any bankruptcy reorganization proceedings during the reporting period.

## **VIII. Legal Proceedings**

Material Legal and Arbitration Proceedings

Applicable Not applicable

During H1 2024, the Company did not undergo any significant litigation or arbitration proceedings.

Other Litigation Proceedings

Applicable Not applicable

## **IX. Penalties and Rectifications**

Applicable Not applicable

The Company did not incur any penalties or undertake any rectifications during this reporting period.



**X. Integrity Issue of the Company and Its Controlling Shareholder and De Facto Controller**

Applicable Not applicable

**XI. Significant Related-Party Transactions****1. Related-party Transactions Related to Day-to-day Operations**

Applicable Not applicable

Related party	Relationship	Type of Related-Party Transaction	Content of Related-Party Transaction	Pricing Principle of Related-Party Transaction	Transaction Price	Transaction Amount (in ten thousand RMB yuan)	Percentage of Total Similar Transactions	Approved Transaction Limit (in ten thousand RMB yuan)	Exceeding the Approved Limit	Settlement Method of Related-Party Transaction	Available Market Price for Similar Transactions	Date of disclosure	Index to disclosure
China Mobile Limited and its subsidiaries	Investor with significant influence on the Company	Routine Related-Party Transactions	Sale of goods and provision of services	Market price	N/A	51,347.45	5.51%	150,000	No	Bank transfer	No	April 23, 2024	The Announcement on Anticipated General Related-Party Transactions in 2024(Announcement No.: 2024-018) published on the Securities Times, the China Securities Journal, the Shanghai Securities News, the Securities Daily and CNINFO (www.cninfo.com.cn)
China Mobile Limited and its subsidiaries	Investor with significant influence on the Company	Routine Related-Party Transactions	Sale of goods and provision of services	Market price	N/A	3,781.23	0.81%	15,000	No	Bank transfer	No	April 23, 2024	
Total				--	--	55,128.68	--	165,000	--	--	--	--	--
Details of Large-Value Goods Returns				Not applicable									
Actual performance of the estimated total routine related-party transactions by category, if any, during this reporting period				For the fiscal year 2024, it is estimated that routine related-party transactions involving the "Sale of goods and provision of services" with China Mobile Communications Co., Ltd. and its subsidiaries China Mobile Limited will amount to 150,000.00 million RMB yuan, with an actual transaction amount of 51,347.45 million yuan occurring from January to June 2024. Additionally, it is estimated that routine related-party transactions involving the "Purchase of goods and acceptance of services" will amount to 15,000.00 RMB million yuan, with an actual transaction amount of 3,781.23 million RMB yuan occurring during the same period. In summary, the total estimated amount for routine related-party transactions with China Mobile Communications Co., Ltd. and its subsidiaries for 2024 is 165,000.00									

	million RMB yuan, with an actual total transaction amount of 55,128.68 million RMB yuan from January to June 2024, which does not exceed the total estimated transaction amount for the year.
Reasons for significant differences between the transaction price and the market reference price, if applicable	Not applicable

## 2. Related-party Transactions Arising from Acquisition or Sales of Assets or Equity

Applicable Not applicable

The Company did not engage in any related-party transactions arising from acquisition or sales of assets or equity during this reporting period.

## 3. Related-party Transactions for Joint External Investment

Applicable Not applicable

The Company did not conduct any related-party transactions for joint external investment during this reporting period.

## 4. Related Creditor's Rights and Debts

Applicable Not applicable

The Company did not incur any related creditor's rights and debts during this reporting period.

## 5. Transactions with Related Finance Companies

Applicable Not applicable

The Company did not conduct any deposit, loan, credit or other financial business with any related finance company or such finance company's related parties.

## 6. Transactions Between Finance Companies Controlled by the Company and Their Related Parties

Applicable Not applicable

None of the finance companies controlled by the Company conducted any deposit, loan, credit or other financial business with their related parties.

## 7. Other Material Related-party Transactions

Applicable Not applicable

The Company did not engage in other material related-party transactions during this reporting period.

## XII. Major Contracts and Their Performance

### 1. Trust, Sub-contract and Lease

#### 1) Trust

Applicable Not applicable

The Company did not engage in any trust arrangements during this reporting period.

#### 2) Sub-contract

Applicable Not applicable

The Company did not enter into any contracting agreements during this reporting period.

## 3) Lease

Applicable Not applicable

The Company did not enter into any leasing agreements during this reporting period.

## 2. Material Guarantees

Applicable Not applicable

Currency amounts in ten thousand RMB yuan

External guarantees provided by the Company and its subsidiaries (excluding those to subsidiaries)										
Name of the Guarantee Recipient	Guarantee Amount Disclosure Date	Guarantee Amount	Date of Actual Occurrence	Actual Guarantee Amount Provided	Type of Guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee Period	Fulfilled or Not	Related Party Guarantee or Not
Financial leasing customer	October 25, 2019; April 23, 2024	50,000	June 19, 2020; December 29, 2020; December 30, 2020; November 30, 2021	1,236.07	Joint and several liability guarantee		All financial leasing customers provided counter guarantee	Twelve months from the date of approval by the Board of Directors	No	No
Tongling Tianyuan Equity Investment Group Corporation	April 19, 2019	24,000	June 14, 2019; March 22, 2021	10,000	Joint and several liability guarantee		Tongling Development Investment Group Corporation provided counter guarantee	From the date of approval by the Board of Directors to the expiration of the project's loan term	No	No
Ma'anshan Big Data Asset Operation Co., Ltd.	April 23, 2024	17,160						Twelve subsequent months	No	No
Total amount of approved external guarantees during this reporting period (A1)		91,160		Total amount of external guarantees actually provided during this reporting period (A2)		0				
Total amount of approved external guarantees as at the end of the reporting period (A3)		91,160		Total amount of the outstanding external guarantees actually provided as at the end of the reporting period (A4)		11,236.07				
Guarantees provided by the Company to its subsidiaries										
Name of the Guarantee Recipient	Guarantee Amount Disclosure Date	Guarantee Amount	Date of Actual Occurrence	Actual Guarantee Amount Provided	Type of Guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee Period	Fulfilled or Not	Related Party Guarantee or Not
iFLYTEK	April	30,000			General			Twelve	No	No

(International) Limited	23, 2024				guarantee; joint and severable liability guarantee			subsequent months		
iFLYTEK (Beijing) Technology Co., Ltd.	April 23, 2024	10,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Shenzhen iFLYTEK Interactive Electronics Co., Ltd.	April 23, 2024	5,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
iFLYTEK (Shanghai) Technology Co., Ltd.	April 23, 2024	15,000	March 29, 2024	47	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Jixun Information Technology Co., Ltd.	April 23, 2024	12,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Hefei iFLYTEK Doxent Technology Co., Ltd.	April 23, 2024	20,000	September 27, 2023	6,629.31	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Institute of Information Technology	April 23, 2024	40,000	May 17, 2022	5,860	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Institute of Information Technology	April 23, 2024		March 22, 2024	2,545.82	General guarantee; joint and			Twelve subsequent months	No	No

					severable liability guarantee					
Anhui Institute of Information Technology	April 23, 2024		July 5, 2023	7,000	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Tingjian Technology Co., Ltd.	April 23, 2024	15,000	September 27, 2023	7,806.15	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Zhixue Technology Co., Ltd.	April 23, 2024	15,000	September 27, 2023	1,599.28	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Jiangsu Yixing Automobile Technology Co., Ltd.	April 23, 2024	15,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Tianjin iFLYTEK Jizhi Technology Co., Ltd.	April 23, 2024	20,000	December 27, 2023	3,363.65	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
iFLYTEK (Suzhou) Technology Co., Ltd.	April 23, 2024	45,000	November 10, 2023	2,772.95	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
iFLYTEK (Shanghai) Technology Co., Ltd.	April 23, 2024		November 14, 2023	1,009.92	General guarantee; joint and severable liability			Twelve subsequent months	No	No

					guarantee					
Zhejiang iFLYTEK Intelligent Technology Co., Ltd.	April 23, 2024	3,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Hainan Shenggu Technology Co., Ltd.	April 23, 2024	22,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui iFLYTEK Jiecheng Software Technology Co., Ltd.	April 23, 2024	70,000	July 20, 2023	8,380.94	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui iFLYTEK Jiecheng Software Technology Co., Ltd.	April 23, 2024		August 25, 2023	7,203.9	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui Kexun Jinse Technology Co., Ltd.	April 23, 2024	15,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui iFLYTEK New Retail Co., Ltd.	April 23, 2024	5,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Shandong Kexun Information Technology Co., Ltd.	April 23, 2024	5,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Anhui	April	5,000			General			Twelve	No	No

Wanchuang New Smart Technology Co., Ltd.	23, 2024				guarantee; joint and severable liability guarantee			subsequent months		
Anhui Yunshu Smart Technology Co., Ltd.	April 23, 2024	10,000			General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Consolidated subsidiaries sharing the bill pool business	April 23, 2024	100,000	July 7, 2023	28,941.42	General guarantee; joint and severable liability guarantee			Twelve subsequent months	No	No
Total amount of approved guarantees provided to subsidiaries during this reporting period (B1)		477,000		Total occurrence amount of guarantees provided to subsidiaries during this reporting period (B2)		80,320.92				
Total amount of approved guarantees provided to subsidiaries as at the end of the reporting period (B3)		477,000		Total amount of the outstanding guarantees actually provided to subsidiaries as at the end of the reporting period (B4)		83,160.34				
Guarantees provided by the subsidiaries to other subsidiaries										
Name of the Guarantee Recipient	Guarantee Amount Disclosure Date	Guarantee Amount	Date of Actual Occurrence	Actual Guarantee Amount Provided	Type of Guarantee	Collateral (if any)	Counter-guarantee (if any)	Guarantee Period	Fulfilled or Not	Related Party Guarantee or Not
Anhui Imaging Union Cloud Medical Technology Co., Ltd.	April 23, 2024	5,000	August 16, 2023	333.83	General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Anhui Imaging Union Cloud Medical Technology Co., Ltd.	April 23, 2024		July 3, 2023	500	General guarantee; joint and several liability guarantee		Counter-guarantee provided by iFLYTEK Medical	Twelve subsequent months	No	No
Anhui Imaging	April 23, 2024		December 26,	500	General guarantee			Twelve subsequent	No	No

Union Cloud Medical Technology Co., Ltd.			2023		General guarantee; joint and several liability guarantee			Twelve months		
Anhui Imaging Union Cloud Medical Technology Co., Ltd.	April 23, 2024		December 4, 2023	500	General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Lvliang iFLYTEK Healthcare Information Technology Co., Ltd.	April 23, 2024	1,000	November 15, 2023	25.6	General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Pu'er iFLYTEK Information Technology Co., Ltd.	April 23, 2024	1,000			General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Beijing Hui Ji Zhi Medical Technology Co., Ltd.	April 23, 2024	1,000	June 19, 2024	5.24	General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Shanghai iFLYTEK Medical Technology Co., Ltd.	April 23, 2024	500			General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Yinchuan iFLYTEK Internet Hospital Co., Ltd.	April 23, 2024	500			General guarantee; joint and several liability guarantee			Twelve subsequent months	No	No
Total approved guarantee limit for subsidiaries during this reporting period (C1)		9,000			Total actual guarantee provided to subsidiaries during this reporting period (C2)		1,030.84			
Total approved guarantee limit for subsidiaries as at the end of this reporting period (C3)		9,000			Total outstanding guarantee balance for subsidiaries as at the end of this reporting period		1,864.67			



		(C4)	
Total guarantees (the sum of the three items above)			
Total amount of approved guarantees during this reporting period (A1+B1+C1)	577,160	Total amount of guarantees actually provided during this reporting period (A2+B2+C2)	81,351.76
Total amount of approved guarantees as at the end of this reporting period (A3+B3+C3)	577,160	Total amount of the outstanding guarantees actually provided as at the end of this reporting period (A4+B4+C4)	96,261.08
Percentage of the total amount of actual guarantees (A4+B4+C4) in the Company's net assets	5.78%		
In Which:			

### 3. Entrusting Cash Asset Management to Others

Applicable Not applicable

The Company did not entrust any cash asset management to others during this reporting period.

### 4. Other Major Contracts

Applicable Not applicable

The Company did not enter into any other significant contracts during this reporting period.

### XIII. Explanation of Other Significant Matters

Applicable Not applicable

There are no other significant matters requiring explanation during this reporting period.

### XIV. Significant Events of the Company's Subsidiaries

Applicable Not applicable

## Section VII Changes in Shares and Shareholder Information

### I. Changes in Shares

#### 1. Overview

	Before the change		Change (increase/decrease)					After the change	
	Shares	Percentage	New shares issued	Bonus shares	Shares transferred from capital reserve	Other shares	Subtotal	Shares	Percentage
I. Shares subject to selling restrictions	161,138,842	6.96%				-33,890,543	-33,890,543	127,248,299	5.50%
1. State-held shares							0		
2. Shares held by state-owned legal persons							0		
3. Shares held by other domestic investors	161,138,842	6.96%				-33,890,543	-33,890,543	127,248,299	5.50%
In which: shares held by domestic legal persons	0	0.00%					0	0	0.00%
Shares held by domestic natural persons	161,138,842	6.96%				-33,890,543	-33,890,543	127,248,299	5.50%
4. Shares held by foreign investors	0	0.00%					0	0	0.00%
In which: shares held by foreign legal persons									
Shares held by foreign natural persons	0	0.00%					0	0	0.00%
II. Shares not subject to selling restrictions	2,154,550,311	93.04%				29,935,575	29,935,575	2,184,485,886	94.50%
1. RMB-denominated ordinary shares	2,154,550,311	93.04%				29,935,575	29,935,575	2,184,485,886	94.50%
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	2,315,689,153	100.00%				-3,954,968	-3,954,968	2,311,734,185	100.00%

Reasons for changes in shares

Applicable Not applicable

The share change is due to the automatic adjustment to the locked-up shares of senior management members at the beginning of each year and the repurchase and cancellation of part of the restricted stocks already granted, etc.

Approval of share changes

Applicable Not applicable

The Company's sixth Board of Directors' seventh meeting and the sixth Board of Supervisors' seventh meeting held on April 21, 2024, and the 2023 Annual General Meeting of Shareholders held on May 13, 2024 reviewed and passed the Proposal on the Repurchase and Cancellation of Some Granted Restricted Shares. The repurchase and cancellation of 3,641,608 restricted shares granted under the 2021 Stock Option and Restricted Stock Incentive Plan were reviewed and confirmed by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited and completed on June 7, 2024. Following this repurchase and cancellation, the total number of the Company's shares changed from 2,315,375,793 to 2,311,734,185.

Ownership transfer in respect of share changes

Applicable Not applicable

Implementation progress of share repurchase

Applicable Not applicable

Implementation progress of reduction of repurchased shares via centralized bidding

Applicable Not applicable

Effects of share change on basic/diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company

Applicable Not applicable

During this reporting period, the Company's repurchase and cancellation of granted restricted shares resulted in a reduction of 3,641,608 shares. Consequently, the basic earnings per share, diluted earnings per share, and net assets per share attributable to the Company's ordinary shareholders for the period have increased.

Other information deemed necessary by the Company or required by the securities regulator to disclose

Applicable Not applicable

## 2. Changes in Restricted Shares

Applicable Not applicable

Name of shareholder	Balance of restricted shares at the beginning of H1 2024	Number of restricted shares released in H1 2024	Increase of restricted shares in H1 2024	Balance of restricted shares at the end of H1 2024	Reason for restriction	Date of release
2,071 people rewarded under the Stock Option and Restricted Stock Incentive Plan for 2021	9,206,000	0	-3,954,968	5,251,032	Stock incentive	The third release period: From the first trading day 36 months after the initial grant date to the last trading day within 48 months from the grant date. The number of shares released from restrictions represented 40% of the total restricted shares granted.
Directors, supervisors and senior management members	151,932,842	29,935,575	0	121,997,267	Locked-up shares for senior management	On the first trading day of each year, the China Securities Depository and Clearing Corporation (CSDC) Shenzhen Branch calculates the statutory number of shares that can be

					members	transferred by the listed company's directors, supervisors, and senior management members, which is limited to 25% of the number of shares registered under their names on the last trading day of the previous year.
Total	161,138,842	29,935,575	-3,954,968	127,248,299	--	--

## II. Securities Issuance and Listing

Applicable Not applicable

## III. Number of Shareholders and Shareholding Structure of the Company

Total number of ordinary shareholders as at the end of this reporting period		351,810			Total number of holders of preference shares with voting rights resumed at the end of this reporting period, if any (see Note 8)		0	
Shareholding by shareholders holding more than 5% of the Company's shares or by the largest 10 shareholders (excluding shares lent through the securities lending program)								
Shareholder name	Shareholder type	Shareholding percentage	Ordinary shares held as at the end of this reporting period	Change (increase/decrease)	Number of restricted ordinary shares held	Number of unrestricted ordinary shares held	Pledged, marked or frozen shares	
							Status of shares	Number
China Mobile Limited	State-owned legal person	10.03%	231,800,495	0	0	231,800,495	None	0
Liu Qingfeng	Domestic natural person	5.55%	128,297,167	0	96,222,875	32,074,292	None	0
USTC Holdings Co., Ltd.	State-owned legal person	3.25%	75,076,787	0	0	75,076,787	None	0
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.78%	64,308,160	-16,174,723	0	64,308,160	None	0
Zhang Wei	Overseas natural person	2.67%	61,660,000		0	61,660,000	None	0
Anhui Yanzhi Technology Co., Ltd.	Domestic non-state-owned legal person	2.48%	57,291,611	0	0	57,291,611	None	0
Wang Ping	Overseas natural person	2.02%	46,723,956	0	0	46,723,956	None	0
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-Traded Open-Ended Index Securities Investment Fund	Other	0.94%	21,773,985	21,773,985	0	21,773,985	None	0
Wang Renhua	Domestic natural person	0.89%	20,579,197	-671,900	0	20,579,197	None	0
Wu Xiaoru	Domestic natural person	0.80%	18,576,300	3,197,000	240,000	18,336,300	None	0
Strategic investors or general legal persons became the top 10 shareholders as a result of allotment of new shares, if any (see Note 3)		China Mobile Communications Co., Ltd., as a strategic investor, subscribed for 70,273,975 shares in the Company's non-public offering in 2013, with a lock-up period of 36 months. These shares were released from restrictions and became tradable on April 25, 2016.						
Note on connected relations or concerted actions of the above shareholders		Among the top 10 shareholders, Liu Qingfeng becomes the Company's de facto controller as a result of his signing of the <i>Acting-in-Concert Agreement</i> with USTC Holdings Co., Ltd.; Anhui Yanzhi Technology Co., Ltd. is a company controlled by						

	Mr. Liu Qingfeng. The Company is not aware of any connections between other shareholders or whether they are acting in concert.		
Explanation on the above shareholders' involvement in entrusting or being entrusted with voting right, and waiver of voting right	On December 26, 2016, Liu Qingfeng signed the <i>Power of Attorney</i> with the principals Wang Renhua, Chen Tao, Wu Xianghui, Jiang Tao, Huang Haibing, Wang Zhiguo, Yan Jun, Hu Yu, Wu Xiaoru, Xu Yulin and Hu Hongwei, agreeing that the named principals would delegate to Liu Qingfeng the exercise of the rights to make proposals, vote and nominate over all the shares held by them at iFLYTEK, for a term starting from the date of signing of such agreement to the date when the principals no longer held any shares of iFLYTEK. On April 9, 2019, Liu Qingfeng signed the <i>Power of Attorney</i> with the principals Nie Xiaolin, Hu Guoping and Yang Jun, agreeing that Nie Xiaolin, Hu Guoping and Yang Jun would delegate to Liu Qingfeng the exercise of the rights to make proposals, vote and nominate over all the shares held by them at iFLYTEK, for a term starting from the date of signing of such agreement to the date when the principals no longer held any shares of iFLYTEK. Of the above-mentioned 10 shareholders, Wang Renhua have entrusted Liu Qingfeng to exercise his voting rights.		
Special notes on repurchase accounts among the top 10 shareholders, if any (see Note 11).	Not applicable		
Shareholding of the top 10 holders of ordinary unrestricted shares (excluding shares lent through the securities lending program and locked-up shares held by senior management members)			
Shareholder name	Number of restricted ordinary shares held at the end of this reporting period	Type of shares	
		Type of shares	Number
China Mobile Limited	231,800,495	RMB-denominated ordinary shares	231,800,495
USTC Holdings Co., Ltd.	75,076,787	RMB-denominated ordinary shares	75,076,787
Hong Kong Securities Clearing Company Limited	64,308,160	RMB-denominated ordinary shares	64,308,160
Zhang Wei	61,660,000	RMB-denominated ordinary shares	61,660,000
Anhui Yanzhi Technology Co., Ltd.	57,291,611	RMB-denominated ordinary shares	57,291,611
Wang Ping	46,723,956	RMB-denominated ordinary shares	46,723,956
Liu Qingfeng	32,074,292	RMB-denominated ordinary shares	32,074,292
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-Traded Open-Ended Index Securities Investment Fund	21,773,985	RMB-denominated ordinary shares	21,773,985
Wang Renhua	20,579,197	RMB-denominated ordinary shares	20,579,197
Ge Weidong	18,444,273	RMB-denominated ordinary shares	18,444,273
Explanation of the relationships or concerted actions among the top 10 holders of unrestricted shares, and between these top 10 shareholders of unrestricted shares and the top 10 shareholders.	Among the top 10 shareholders, Liu Qingfeng becomes the Company's de facto controller as a result of his signing of the <i>Acting-in-Concert Agreement</i> with USTC Holdings Co., Ltd.; Anhui Yanzhi Technology Co., Ltd. is a company controlled by Mr. Liu Qingfeng. The Company is not aware of any connections between other shareholders or whether they are acting in concert.		
Explanation on the involvement of the top 10 holders of common shares in securities margin trading, if any (see Note 4).	Zhang Wei holds 61,660,000 shares of the Company's stock through a credit securities account (60,000,000 shares at the beginning of this reporting period); Wang Ping holds 46,723,956 shares (46,723,956 shares at the beginning of this reporting period) through a credit securities account; Ge Weidong holds 18,444,273 shares of the Company's stock (18,444,273 shares at the beginning of this reporting period) through a credit securities account.		

Participation of shareholders holding more than 5% stake, the top 10 shareholders, and the top 10 holders of unrestricted tradable shares in the securities lending under the securities lending program:

Applicable Not applicable

Participation of shareholders holding more than 5% stake, the top 10 shareholders, and the top 10 holders of unrestricted tradable shares in the securities lending under the securities lending program				
Shareholder name	Holdings in ordinary accounts and credit accounts at the	Shares lent through the securities lending program and not yet	Holdings in ordinary accounts and credit accounts at the end of	Shares lent through the securities lending program and not yet

	beginning of this reporting period		returned at the beginning of this reporting period		this reporting period		returned at the end of this reporting period	
	Total shares	Percentage of Total Share Capital	Total shares	Percentage of Total Share Capital	Total shares	Percentage of Total Share Capital	Total shares	Percentage of Total Share Capital
Industrial and Commercial Bank of China Limited - Huatai-PineBridge CSI 300 Exchange-Traded Open-Ended Index Securities Investment Fund	19,966,785	0.86%	3,900	0.05%	21,773,985	0.94%	1,500	0.00%

The changes from the previous reporting period due to the top 10 shareholders and the top 10 holders of unrestricted tradable shares lending or returning shares through the securities lending program:

Applicable Not applicable

Did the top 10 holders of ordinary shares and the top 10 holders of unrestricted ordinary shares engage in repurchase transactions during this reporting period?

Yes No

None of the top 10 holders of ordinary shares and the top 10 holders of unrestricted ordinary shares engaged in any repurchase transactions during this reporting period.

#### IV. Changes in Shareholdings of Directors, Supervisors, and Senior Management

Applicable Not applicable

There have been no changes in the shareholdings of the Company's directors, supervisors, and senior management members during this reporting period. For details, please refer to the 2023 annual report.

#### V. Changes in Controlling Shareholders or the De Facto Controller

Change in controlling shareholders during this reporting period

Applicable Not applicable

The Company's controlling shareholders did not change during this reporting period.

Change in the de facto controller during this reporting period

Applicable Not applicable

The Company's de facto controller did not change during this reporting period.

## **Section VIII Preferred Shares**

Applicable Not applicable

The Company did not have any preferred shares during this reporting period.

## **Section IX Bonds**

Applicable Not applicable