

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Annual Report 2023



April 18, 2024

Annual Report 2023

Section I Important Note, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and senior executives of the Company hereby warrant that the information contained in this Annual Report is true, accurate and complete and this Annual Report is free from any misrepresentation, misleading statement or material omission, and agree to assume joint and several liabilities for this Annual Report.

YUAN Yonggang, Principal of the Company, CFO WANG Xu and Accounting Supervisor ZHU Deguang hereby represent that the financial statements contained in this Annual Report are true, accurate and complete.

All directors of the Company attended the meeting of the Board of Directors reviewing this Report.

The Company has fully disclosed the potential risks associated with the concentration of customers, rapid upgrading and iteration of industrial technologies, fluctuations in exchange rates, etc. in this Report. Please see “XI. Prospects for Future Development of the Company” under “Section III. Management’s Discussion and Analysis”.

According to the profit distribution proposal approved by the Board of Directors, the Company will distribute a cash dividend of RMB 2.5 (inclusive of tax) per 10 shares to all shareholders on the basis of 1,701,276,209 shares (excluding the treasury shares), and will not distribute any bonus shares or transfer any capital reserve to the share capital.

Note:

This document is a translated version of the Chinese Annual Report 2023 (“2023 年年度报告”). In case of any discrepancies, the Annual Report 2023 published in the Chinese version shall prevail. The full Chinese Annual Report 2023 is available at www.cninfo.com.cn.

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List of References

1. Financial statements signed and chopped by Mr. YUAN Yonggang, legal representative, Mr. WANG Xu, CFO, and Mr. ZHU Deguang, Accounting Supervisor of the Company;
2. Originals of all documents of the Company publicly disclosed during the reporting period and related announcements;
3. Original of the Annual Report 2023 stamped with the seal and signed by the legal representative of the Company; and
4. Place keeping such documents for inspection: Securities Department of the Company at Building 12#, Yunhe Town Headquarters Industrial Park, 99 East Taihu Road, Wuzhong District, Suzhou.

Definitions

Term	means	Definition
Company, we or DSBJ	means	Suzhou Dongshan Precision Manufacturing Co., Ltd.
Printed circuit board (PCB)	means	one of our three major business segments, including research and development (R&D), design, manufacturing and sale of FPCs, rigid PCBs, rigid-flex PCBs and other products.
Photoelectric display	means	one of our three major business segments, including R&D, design, manufacturing and sale of LED devices, touch panels, liquid crystal display modules and other products.
Precision manufacturing	means	one of our three major business segments, including design, manufacturing and sale of precision metal structural components and assemblies and other products.
Yongchuang Tech	means	Suzhou Yongchuang Metal Science and Technology Co., Ltd., a wholly owned subsidiary of the Company.
Hong Kong Dongshan	means	Hong Kong Dongshan Precision Union Optoelectronic Co., Limited, a wholly owned subsidiary of the Company.
Dragon Holdings	means	Dragon Electronix Holdings Inc., a wholly owned subsidiary of Hong Kong Dongshan.
MFLEX	means	Multi-Fineline Electronix, Inc., a wholly owned subsidiary of Dragon Holdings.
MFLEX Suzhou	means	MFLEX Suzhou Co., Ltd., a wholly owned subsidiary of MFLEX.
MFLEX Yancheng	means	MFLEX Yancheng Co., Ltd., a wholly owned subsidiary of MFLEX.
Hong Kong Dongshan Holding	means	Hong Kong Dongshan Holding Limited, a wholly owned subsidiary of the Company.
Multek Group	means	Multek Group (Hong Kong) Limited, a wholly owned subsidiary of Hong Kong Dongshan Holding.
Multek Industries	means	Multek Industries Limited, a wholly owned subsidiary of Multek Group.
Multek Electronics	means	Multek Electronics Limited, a wholly owned subsidiary of Multek Group.
Multek Zhuhai	means	Multek Zhuhai Limited, a wholly owned subsidiary of Multek Group.
Multek China	means	Multek China Ltd., a wholly owned subsidiary of Multek Group.
Yancheng Dongshan	means	Yancheng Dongshan Precision Manufacturing Co., Ltd., a wholly owned subsidiary of the Company.
Mutto Optronics	means	Mutto Optronics Technology Co., Ltd., a wholly owned subsidiary of the Company
RF Top Electronic	means	Suzhou RF Top Electronic Communication Co., Ltd., a controlled subsidiary of the Company
Suzhou JDI	means	Suzhou JDI Electronics Inc.
Aranda	means	Aranda Tooling, Inc., AutoTech Production Services, Inc. and Autotech Production de Mexico S. de R. L. de C.V.
JDI	means	Japan Display Inc.
5G	means	the 5 th generation mobile communication technology.
AI	means	artificial intelligence, the simulation of human intelligence using computer programs.
AR	means	augmented reality, a technology that combines and integrates the virtual world on screen with the real world, based on precise calculation of position and angle of camera images and image analysis technology.
VR	means	virtual reality, a computer-simulated 3D virtual world with scenes and objects that appear to be real.
IoT	means	Internet of Things, a system of interrelated computing devices, mechanical and digital machines, that has a unique identifier (UID) and is capable of transmitting data over the network.
PCB	means	printed circuit board, a finished product with insulated substrates and conductors as materials, designed and made into printed circuits, printed components or a combination of conductive patterns according to the pre-designed circuit schematic diagram.
FPC	means	flexible printed circuit.
LED or LED device	means	light-emitting diode, a conductor diode that emits incoherent light when current flows through it, and the recombination of electrons and electron holes in the semiconductor produces radiation, for the purpose of this Report, including LED particles, LED light bars, LED

		backlight modules, LED lighting devices and other LED products.
Mini LED	means	sub-millimeter light emitting diode, an LED device with a grain size of about 50-200 μ m.
LCM	means	LCD module or LCD display module, formed by assembling LCD display device with the relevant connectors, control, driver and other peripheral circuits, PCB circuit board, backlight source, structural components and other components.
Touch panel	means	a device under the protection of transparent glass that detects touches using sensors, and processes and transmits the relevant information.
AOA	means	the Articles of Association of Suzhou Dongshan Precision Manufacturing Co., Ltd.
CSRC	means	the China Securities Regulatory Commission.
SZSE	means	the Shenzhen Stock Exchange.
Reporting period	means	the period from January 1, 2023 to December 31, 2023.
RMB and RMB0'000	means	Renminbi and ten thousand Yuan respectively.

Section II Company Profile and Financial Highlights

I. Company Profile

Stock short name	DSBJ	Stock code	002384
Original stock short name (if any)	None		
Stock exchange	Shenzhen Stock Exchange		
Chinese name	苏州东山精密制造股份有限公司		
Chinese short name	东山精密		
English name (if any)	Suzhou Dongshan Precision Manufacturing Co., Ltd.		
English short name (if any)	DSBJ		
Legal representative	YUAN Yonggang		
Registered address	No. 88 Tangdong Road, Wuzhong Economic Development Zone, Suzhou		
Postal code of the registered address	215124		
History of changes in the registered address	Our registered address was at Shangwan Village, Dongshan, Wuzhong District, Suzhou, Jiangsu when we were reorganized from Suzhou Dongshan Sheet Metal Co., Ltd. into Suzhou Dongshan Precision Manufacturing Co., Ltd. in 2007, and was changed into No. 88 Tangdong Road, Wuzhong Economic Development Zone, Suzhou on December 27, 2019.		
Office address	Building 12#, Yunhe Town Headquarters Industrial Park, 99 East Taihu Road, Wuzhong District, Suzhou		
Postal code of office address	215128		
Company website	www.dsbj.com		
Email	dsbj@dsbj.com		

II. Contact Person and Contact Information

	Board Secretary	Securities Affairs Representative
Name	MAO Xiaoyan	ZHOU Hao
Address	Building 12#, Yunhe Town Headquarters Industrial Park, 99 East Taihu Road, Wuzhong District, Suzhou, Jiangsu	Building 12#, Yunhe Town Headquarters Industrial Park, 99 East Taihu Road, Wuzhong District, Suzhou, Jiangsu
Telephone	0512-80190019	0512-80190019
Facsimile	0512-80190029	0512-80190029
Email	maoxy@dsbj.com	hao.zhou@dsbj.com

III. Media for Information Disclosure and Place for Keeping Annual Report

Website of the stock exchange disclosing the Company's annual report	www.szse.cn
Media and website disclosing the Company's annual report	The <i>Securities Times</i> , the <i>China Securities Journal</i> , the <i>Shanghai Securities News</i> , the <i>Securities Daily</i> and www.cninfo.com.cn
Place for keeping the Company's annual report	Securities Department of the Company

IV. Changes in Registration Particulars

Organization code	91320500703719732P
Changes in primary business since the listing of the Company (if any)	Since our IPO and listing, we have strategically included PCB, photoelectric display and other electronic businesses in our industrial mix. We focus on the R&D and manufacturing of technologically advanced core components for the intelligently interconnected world, and the provision of comprehensive intelligent interconnection solutions to customers throughout the world.
Changes in controlling shareholder (if any)	None

V. Other Related Information

Accounting firm engaged by the Company:

Name of accounting firm	Pan-China Certified Public Accountants LLP
Office address of accounting firm	31/F, Block B, China Resources Building, No. 1366 Qianjiang Road, Jianggan District, Hangzhou, Zhejiang
Name of accountants signing this report	ZHANG Yang and FU Zhenlong

Sponsor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period:

☐ Applicable ☒ N/A

Financial advisor engaged by the Company that performs the duties of ongoing supervision over the Company during the reporting period:

☐ Applicable ☒ N/A

VI. Key Accounting Data and Financial Indicators

Did the Company need to retrospectively adjust or restate any accounting data of prior years?

☒ Yes ☐ No

Reason for retrospective adjustment or re-statement:

Changes in accounting policies

	2023	2022		Y/Y % change After adjustment	2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating revenue (RMB)	33,651,205,468.80	31,580,146,732.58	31,580,146,732.58	6.56%	31,793,147,908.12	31,793,147,908.12
Net profit attributable to shareholders of the Listed Company (RMB)	1,964,525,269.65	2,367,519,530.91	2,368,347,970.02	-17.05%	1,862,481,138.84	1,862,481,138.84
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring gain or loss (RMB)	1,614,534,226.22	2,125,754,423.71	2,126,582,862.82	-24.08%	1,576,650,669.18	1,576,650,669.18
Net cash flow from operating activities (RMB)	5,172,419,470.20	4,629,884,011.38	4,629,884,011.38	11.72%	3,209,544,484.21	3,209,544,484.21
Basic earnings per share (RMB/share)	1.15	1.39	1.39	-17.27%	1.09	1.09
Diluted earnings per share (RMB/share)	1.15	1.39	1.39	-17.27%	1.09	1.09
Weighted average return on net assets	11.38%	15.33%	15.33%	-3.95%	13.46%	13.46%
	December 31, 2023	December 31, 2022		Y/Y % change After adjustment	December 31, 2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets (RMB)	44,371,719,028.28	40,531,361,181.17	40,802,606,803.61	8.75%	37,951,408,787.25	37,951,408,787.25
Net assets attributable to shareholders of the Listed Company (RMB)	18,143,026,745.54	16,359,429,480.45	16,378,630,871.35	10.77%	14,576,500,325.15	14,576,500,325.15

Reason for changes in accounting policies and correction of accounting errors:

Since January 1, 2023, we have applied the provisions contained in the Interpretation of the China Accounting Standards for Business Enterprises (“CASBE”) No. 16 issued by the Ministry of Finance, regarding the “accounting treatment of deferred taxes related to assets and liabilities arising from single transactions to which the initial recognition exemption does not apply”, and adjusted the single transactions to which such provisions apply that occurred during the period from the beginning of the earliest period in which we applied such provisions in the presentation of financial statements for the first time, till the date of initial application of such provisions as follows: with respect to the taxable temporary difference and deductible temporary differences arising from lease liabilities and right-of-use assets, provisions related to retirement obligations and corresponding assets recognized in connection with the single transactions to which such provisions apply, at the beginning of the earliest period in which we applied such provisions in the presentation of financial statements for the first time, the cumulative effect is treated as an adjustment to the opening retained earnings and other related financial statement items for that period in accordance with such provisions and the provisions of CASBE No. 18 “Income Tax”.

Whether the lower of the net profit before and after the deduction of non-recurring gain or loss in the past three accounting years has been negative and the most recent annual auditor’s report indicates that the Company’s ability to continue as a going concern is uncertain?

☐ Yes ☒ No

Whether the lower of net profit before and after the deduction of non-recurring gain or loss is negative?

☐ Yes ☒ No

VII. Differences in Accounting Data under the Chinese Accounting Standards for Business Enterprises (the “CASBEs”) and Overseas Accounting Standards

1. Differences in net profit and net assets disclosed in the financial report prepared under the CASBEs and the International Financial Reporting Standards (IFRS)

☐ Applicable ☒ N/A

There was no difference in net profit and net assets disclosed in the financial report for the reporting period prepared under the CASBEs and the IFRS.

2. Differences in net profit and net assets disclosed in the financial report prepared under the CASBEs and overseas accounting standards

☐ Applicable ☒ N/A

There was no difference in net profit and net assets disclosed in the financial report for the reporting period prepared under the CASBEs and overseas accounting standards.

VIII. Key Financial Indicators by Quarter

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	6,511,602,610.15	7,155,485,214.91	8,833,566,429.51	11,150,551,214.23
Net profit attributable to shareholders of the Listed Company	471,650,134.12	352,898,518.86	508,139,505.69	631,837,110.98
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring gain or loss	280,096,313.63	297,524,494.89	459,019,794.35	577,893,623.35
Net cash flows from operating activities	1,799,383,005.75	814,517,830.27	1,089,030,694.96	1,469,487,939.22

Whether there's any material difference between the financial metrics or aggregate amounts thereof set out above and the corresponding financial metrics set out in any quarterly report or semi-annual report of the Company already disclosed?

☐ Yes ☒ No

IX. Items and Amounts of Non-recurring Gains or Losses

☒ Applicable ☐ N/A

In RMB

Items	2023	2022	2021	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-26,367,874.21	-14,220,918.02	13,783,433.93	
Government grants recognized in profit or loss (excluding the government grants that are closely related to the business of the Company, conform to the applicable policies of the country, are provided in accordance with the established standards, and continuously affect the Company's profit or loss)	249,253,139.50	317,926,133.80	268,965,326.25	
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities, and gain or loss	14,283,973.00	-63,657,229.48	17,766,609.82	

on disposal of financial assets and financial liabilities, except for effective hedges held in the ordinary course of business				
Fund occupation fees received from non-financial entities and recorded in profit or loss			19,777,467.66	
Gain or loss on assets under entrusted investment or management		10,408,683.62	11,913,618.63	
Reversal of impairment loss on accounts receivable assessed for impairment individually	1,250,000.00	9,500,583.33	22,451,468.46	
Other non-operating revenues and expenses	-398,583.47	3,073,832.45	-1,909,316.59	Investment income on business combinations involving entities not under common control
Other gain or loss within the meaning of non-recurring gain or loss	134,812,863.84	956,961.84	722,866.99	
Less: Effect on income tax	22,244,723.86	21,900,816.79	65,906,713.13	
Effect on minority interests (exclusive of tax)	597,751.37	322,123.55	1,734,292.36	
Total	349,991,043.43	241,765,107.20	285,830,469.66	--

Other items of gain or loss within the meaning of non-recurring gains or losses:

☐ Applicable ☒ N/A

We do not have any other item of gain or loss within the meaning of non-recurring gains or losses.

Classification of any item of non-recurring gain or loss defined by the *Explanatory Announcement No. 1 on Information Disclosure by Companies Publicly Offering Securities - Non-recurring Gain or Loss* as recurring gain or loss:

☐ Applicable ☒ N/A

We have not classified any item of non-recurring gain or loss defined by the *Explanatory Announcement No. 1 on Information Disclosure by Companies Publicly Offering Securities - Non-recurring Gain or Loss* as recurring gain or loss.

Section III Management's Discussion and Analysis

I. Situations of our industry during the Reporting Period

1. PCBs

Our printed circuit board (PCB) products include FPCs, which are important components for the PCB industry, and account for over 20% of PCB products. As substrates carrying electronic components and key connectors, the manufacturing quality of PCBs not only directly affects the reliability of electronic products, but also affects the overall competitiveness of system products, and therefore are referred to as the “mother of electronic system products”.

PCBs are widely used in consumer electronics, new energy vehicles, communication equipment, industrial control, medical and other fields throughout the world. Along with intensive research and development (R&D) and continuous technology upgrading, PCB products are developing towards high density, small aperture and large capacity, and becoming lighter and thinner. The functional innovations of smart phones, including the continuous growth of foldable phones, drive the rapid increase in the use of FPCs per unit. Along with the application of artificial intelligence-generated content (AIGC) on mobile phones and computers, the year 2024 is expected to become the first year for AI phones and AI PCs. The new smart eyeglass-type products launched by the leading manufacturers will drive the maturity of the metaverse industry. In addition, the new energy vehicle industry also enters a market-driven rapid growth period. According to a report released by the CITIC Securities Research Institute and the data published by the China Association of Automobile Manufacturers, the total global sales volume of electric vehicles is expected to reach 24.70 million units by 2025, representing a compounded annual growth rate (CAGR) of 32.20% between 2022 and 2025, where the total sales volume of new energy vehicles in China will reach 15.60 million units by 2025; and by 2030, the total sales volume of new energy vehicles is expected to reach 46.70 million units in the world, and 23.20 million units in China. The growing demands of these industries are expected to start a new innovation cycle in the PCB industry.

2. Precision components

Our precision component products mainly are precision metal structural components, including heat dissipaters for new energy vehicles, battery casings, domain control casings, body in white, battery structural components, as well as base station antennas, filters and other structural components and assemblies for mobile communication. Our precision components are primarily used in new energy vehicles, communication equipment, and other fields having strict requirements for the processing precision and production quality of structural components. In recent years, driven by the demands for green and low-carbon transition, the global new energy vehicle industry has been growing rapidly, bringing new development opportunities for manufacturers of precision metal structural components.

3. Touch panel modules

Our touch panel modules are widely used in laptop, tablet, smart watch, on-board display and other fields, which develop along with the development of the relevant downstream industries.

(1) Consumer electronics

As consumers have formed a habit of touch operation, all major laptop brands have launched laptops with touch panels. The emergence of convertible laptops, 2 in 1 laptops and other innovative products will continuously increase the penetration of laptops with touch panels, and further drive the market demands for touch panel module products.

(2) Automobile

On-board displays mainly include central control displays, dashboards, and emerging head-up displays (HUD), electronic rearview

mirrors, passenger/rear seat displays, which are key interactive hardware for automotive intelligentization. New energy vehicle manufacturers actively strive to improve their brand competencies through intelligentization, driving the rapid development of on-board display modules. According to the CITIC Securities Research Institute, the global on-board display market size is expected to reach USD 13.84 billion by 2025, representing a CAGR of 19.96% between 2022 and 2025. With the advancement of new energy vehicles, automotive intelligence is on the rise, leading to a trend of larger screens, multiple displays, and higher resolutions in on-board displays.

4. LED display devices

Our LED device products mainly include small-pitch LEDs, Mini LEDs and other products packaged in granule form. Along with the development of Mini LED technology, LED display technology is continuously expanding into emerging applications, with products entering display screen, XR virtual shooting, outdoor naked-eye 3D, all-in-one conference equipment, mobile phones, tablets and other fields. As leading terminal manufacturers continuously launch new Mini LED products, the Mini LED market size will grow continuously.

II. Situations of our Primary Business during the Reporting Period

(I) During the reporting period, our primary business has not undergone any material change.

We focus on the R&D and manufacturing of core components for the intelligently interconnected world, and the provision of comprehensive intelligent interconnection solutions to customers all over the world. We are primarily engaged in the R&D, manufacturing and sale of PCBs, precision components, touch panel modules and LED display devices, which are widely used in consumer electronics, new energy vehicles, communication equipment, industrial equipment, AI, medical appliances and other fields.

(II) During the reporting period, our main business model has not undergone any material change.

We leverage our complete business chain to provide our customers with comprehensive, one-stop, industrial-leading services, continuously increase the depth of cooperation and adhesion with our customers, and maintain long-term, stable cooperation with premium customers taking the lead in the global consumer electronics, new energy vehicle and communication equipment industries.

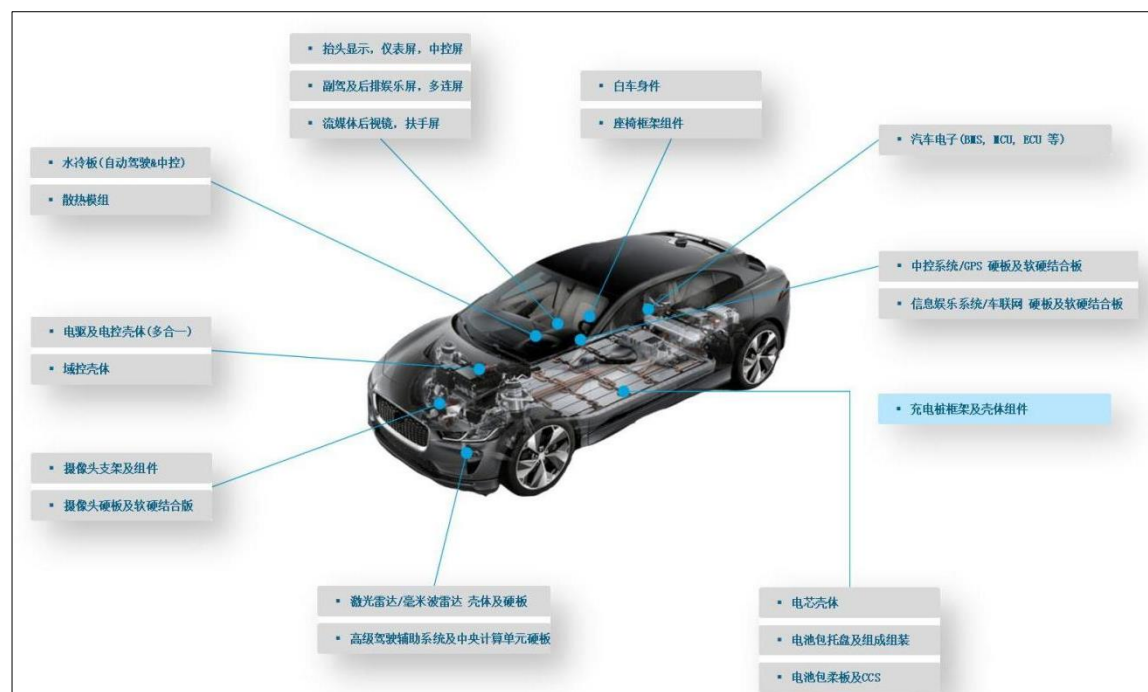
We manufacture main products based on market demands, and adopt the production model that determines production according to sales, under which we develop production plans and deliver products taking into account the purchase orders placed by customers, the product quantities demanded by the customers under such purchase orders, as well as our production capacity and supply of raw materials.

(1) Our main products and their applications

No.	Product category	Product name	Product features	Application scenarios
1	PCBs	FPC	FPCs are printed circuit boards made of flexible substrates, composed of metal conductor foils, adhesives and insulating base films, which are light, thin, bendable and suitable for three-dimensional assembly, and optimal for electronic products with requirements for miniaturization, lightweight, and mobility.	Consumer electronics, new energy vehicles, communication equipment, industrial equipment, AI, servers, medical devices, etc.
		Rigid PCB	Rigid circuit boards are classified into single-layer boards, double-layer boards, ordinary multi-layer boards, high-layer boards, HDI boards and ELIC boards. Ordinary multi-layer boards typically have four or more layers; high-layer boards typically have more than 18 layers; HDI boards refer to high-density interconnect boards, which are capable of high-density wiring; ELIC boards refer to Every Layer Interconnection	

			boards, which are high-end products in HDI boards. Generally, the more layers a PCB has, the better it is for achieving fast signal transmission and improving data processing performance.	
		Rigid-flex PCB	Rigid-flex PCBs combine FPCs and rigid PCBs through lamination and other processes according to the relevant process requirements, and have the features of both FPCs and rigid PCBs. Rigid-flex PCBs can be used in products with special requirements. As they have both flexible area and rigid areas, they can save internal space, reduce volume, and greatly improve the performance of the finished products.	
2	Precision components	Precision metal products	Precision metal components are formed through die casting, stamping, panel beating, precision machining and other processes to meet the customers' demand for precision, including functional structural components for new energy vehicles, base station antennas and filters for mobile communication, etc.	New energy vehicles, energy storage, communication equipment, etc.
3	Touch panel modules	Touch panel	Touch panels and LCMs are important components for display modules of smart phones, tablets and other consumer electronic products. We are able to provide customers with touch panels, and LCMs as separate components, or complete touch display modules.	Smart phones, tablets, smart watches, etc.
		LCM		
		On-board display module	On-board display modules are used in display devices for vehicles. They are typically assemblies integrating display screen and control circuits, and used to display various information and images inside vehicles.	Automotive dashboards, rearview mirrors, central control screens, etc.
4	LED display devices		LED display devices are products formed by packaging LED chips and brackets with epoxy resin or organic silicon. Our LED display devices include 0606, 0808, 1010, 1515, 2121, 1921, 2525, 2727, and other models.	Indoor and outdoor small-pitch, high-definition displays, and other professional display and commercial fields

(2) Applications of our products in new energy vehicles



● Cold plates (automatic drive and central control) ● Heat dissipation modules	● HUDs, dashboards, and central control displays ● Passenger/rear seat entertainment displays, and multi-connected displays ● Streaming electronic	● Body in white ● Seat assembly	● Automotive electronics (BMS, MCU, ECU, etc.)
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	rearview mirrors, and armrest displays		
● Electric drive and electric control casings ● Domain control casings			● Rigid PCBs and rigid-flex PCBs for central control system/GPS ● Rigid PCBs and rigid-flex PCBs for information & entertainment systems/Internet of Vehicles
● Camera brackets and assemblies ● Rigid PCBs and rigid-flex PCBs for cameras	● Casings and rigid PCBs for laser radars and millimeter wave radars ● Rigid PCBs for advanced driving assistance system and central computing unit	● Cell casings ● Battery pack trays and assemblies ● Rigid PCBs and CCS for battery packs	● Charging station framework and casing assemblies

(3) Situations of our industry

In the field of PCB, according to the research data published by Prismark, in terms of sales revenues in 2023, we are ranked second in the field of FPC and third in the field of PCB in the world. We have strong technology R&D, quality control, and smart factory management capabilities in the PCB industry, and are able to provide customers with high-quality products and services. Our major PCB customers are well-known global consumer electronics and new energy vehicle manufacturers, so we have a good customer base, and strong competitiveness.

In the field of precision components, we are one of the largest specialized precision component suppliers in China, provide structural components for new energy vehicles, communication equipment and other fields, and mainly serve well-known global new energy vehicle and communication equipment manufacturers. We have strong competencies in the industry, and are one of the few vendors able to provide the new energy vehicle manufacturers with PCBs (including FPCs), on-board displays, functional and structural components, and other products and integrated solutions. In the future, we will leverage our advantages in the coverage of multiple industry chains and the provision of integrated solutions to further improve customer adhesion.

In the field of touch panel modules and LED display devices, we are one of the largest touch panel modules and LED display device manufacturers in China. Our successful acquisition of Suzhou JDI in January 2023 will further expand our on-board display module business, and enhance our overall competence in the field of touch panel modules.

III. Core Competencies of DSBJ

(I) Advantage in customers: Premium domestic and foreign customer base

Our products find favor with top customers in different areas throughout the world and have a premium customer base, which has a good demonstration effect, and will help us further enhance our capability to develop new customers, and acquire larger market shares in the future competition. Our customers come from consumer electronics, new energy vehicles, communication equipment and other industries. Such diversified customer base enables us to fend off the impact of seasonal and cyclical fluctuations of different industries, and improve our core competencies while maintaining stable growth of business.

(II) Advantage in products: Wide range of products and integrated industry chain

In recent years, we have continuously improved our industrial and product mix through acquisitions and internal development, broken development bottlenecks, and introduced superior businesses to build up new growth drivers. At present, our product offerings cover three business segments, namely PCB, photoelectric display and precision manufacturing. We are able to provide consumer electronics and new energy vehicle manufacturers with a variety of basic and core components for intelligent interconnection. In the field of PCB, we have grown into a leading company in the industry. We actively leverage the synergistic effect of all business segments in R&D, technology, supply chain, products, marketing and other areas, through the integration of

internal resources and coordinated development, gradually achieve the synergy advantage of a vertically integrated industry chain, and strive to provide comprehensive, one-stop and technologically advanced integrated product solutions to our customers, and satisfy their customization requirements to the maximum extent.

(III) Advantage in technology: Stick to the principle that technological innovation capability is the primary production factor

We attach great importance to technological innovation in our business development, and drive our development through innovation. Through participation in the preliminary development projects of the industry-leading customers, we keep in step with the development of cutting-edging technologies, and have built a complete open R&D system and efficient R&D mechanisms, and a global R&D team with outstanding professional level, rich industrial experience and strong innovation capabilities. Through continuous funding for R&D of new materials, new technologies and new production processes, we have vigorously explored frontier production technologies for core components in the field of intelligent interconnection, and laid solid foundations for serving emerging businesses, such as AR/VR, IoT, Mini LED and new energy vehicles. While improving product technologies, we attach great importance to the innovation and upgrading of production technologies, and have gained certain effects in the integrated development of informatization and industrialization. By promoting the integrated development of informatization and industrialization, we have vigorously implemented intelligent manufacturing and built smart factories.

(IV) Advantage in management: Advanced concept, complete system and efficient execution

We advocate the corporate spirit of “openness, inclusion and pragmatism”, stick to the management principle of “overall planning, the delegation of powers in business operation, support by the platform and centralized supervision”, give full play to the initiative and creativity of all organizations, and have built a scientific and efficient management system. Our management team has practical experience in the management of the advanced manufacturing industry, has wide global visions, is able to make accurate strategic judgments and decisions on the trends of industry and opportunities for development, and has strong cohesion and executive ability. We are practical and keep forging ahead in day-to-day management and operation, make periodic benchmarking analyses to compare our performance against historic data, budget targets and the results of outstanding peers, and effectively improve our operational quality and efficiency by setting examples and objectives, identifying breakthrough points, focusing on implementation and reviewing what has been done, to lay solid foundations for our sustainable high-quality development.

(V) Advantage in scale: Promote development in reliance on advantage in scale and increase benefits based on synergistic effect

Our customers are well-known domestic and international hi-tech companies that have high purchase quantities, strict requirements for the delivery of products, and high requirements for the scale of production and production efficiency of suppliers. Through years of development and accumulation, we have grown into a supplier of core components for intelligent interconnection with relatively strong overall capabilities in China. Our large scale of production can satisfy the purchase demands of major downstream customers, creating a big advantage in scale. Our advantage in scale provides us with strong bargaining power in the purchase of raw materials, resulting in the reduction of the unit production costs. On the other hand, through effective integration of internal resources, we can reduce operating costs, thereby increasing our superiority over our competitors, further consolidating and enhancing our position in the industry, and improving our core competencies.

(VI) Advantage in internationalization: Promote the establishment of a “dual circulation” development pattern

We closely follow the national development strategies, actively take part in global economic competitions, and continuously enhance the integration of high-quality resources of the industry. After the completion of two overseas acquisitions, we have successfully entered the PCB industry that has broader prospects for development, optimized our industrial structure, and laid solid foundations for our high-quality development. We have achieved growth in both scale of operation and results of operations through such lead-forward development. In recent years, we have established operating entities with different functions in North America, Europe, Southeast Asia and other countries and regions. In 2022, in order to implement our new-round development strategy and grasp the development opportunities brought about by the new energy vehicle industry, we established the “two-

wheel drive” strategy, and decided to focus our efforts on the two core fields, namely consumer electronics and new energy vehicles. In order to actively respond to the demands of customers, we have accelerated the development of overseas production bases. In 2023, our Mexico production base successfully went into production, and our Thai production base commenced construction. These actions will further improve our global operating capabilities, promote the establishment of a “dual circulation” development pattern, and enable us to actively cope with the complicated competition environment.

IV. Analysis of Primary business

1. Overview

During the reporting period, under the leadership of our Board of Directors, with joint efforts of our management and all employees, we further focused on the “two-wheel drive” strategy, and achieved stable growth of our core business. In 2023, we overcame a variety of unfavorable factors, such as imbalance between supply and demand in the photoelectric display market, declining demands in the communication equipment industry, and adjustment of supply chain strategies by certain overseas customers, and earned a total operating revenue of RMB33.651 billion, an increase of 6.56% compared to the previous year; of which, the sales revenue of the PCB segment was RMB23.261 billion, an increase of 6.61% compared to the previous year, and the sales revenue of the new energy vehicle segment increased 168.39% compared to the previous year, showing a strong momentum of growth. In 2023, our LED segment recorded a temporary loss due to the production capacity utilization ratio and selling prices of LED and other photoelectric display devices and modules falling short of expectations. However, in reliance on the stable operating revenue and profit contributed by our core business, and the strong resilience and competencies demonstrated by our PCB business in the context of a sluggish consumer electronics market, and by further promoting integrated development of informatization and industrialization, we still earned a net profit of RMB1.965 billion attributable to the shareholders of the Listed Company, representing a decrease of 17.05% compared to the previous year. During the reporting period, we continued to implement the prudent financial strategy, and further enhanced management of net working capital, and recorded a cash flow of RMB5.172 billion from operating activities, representing an increase of 11.72% compared to the previous year. Below is a summary of our main business activities in 2023:

(1) Focus on core fields and products, and further enhance business cooperation with major customers of the industry

In the field of PCB, we enhanced our efforts to improve customer satisfaction, increased our funding for R&D and technology innovation, actively promoted integrated development of informatization and industrialization and construction of smart factories, and vigorously improved our core competencies, resulting in a growth of both operating revenue and profit in the context of a sluggish market. On the other hand, we accelerated the development and deployment of the component production lines for new energy vehicles, and made steady progress in the investment in new production bases, validation by new customers, and mass production of new products, among others. In addition, through optimizing the internal allocation of resources, we continuously enhanced internal integration and coordination, and taking into account the requirements of the new energy vehicle industry for products with high quality and high reliability, and the requirements of the consumer electronics industry for rapid response and rapid iteration, fully leveraged our advantages and capabilities, further enhanced business cooperation with major customers of the industry, and actively satisfied customer demands. In 2023, we advanced our global deployment through acquisition and self-construction. A number of our overseas production bases have commenced construction or gone into production, which will provide a guarantee of production capacity for our strategy to focus on core fields and products.

(2) Continuously optimize the organization structure and talent training system, and create a sound corporate culture

Implementation of strategies requires the support of organization, while building of organizational capability is the key to the implementation of strategies. During the reporting period, we further adjusted and optimized the organization structure of our headquarters and business units, and accelerated the close-down, suspension, merger, transfer or otherwise adjustment of the

production bases managed by certain business units, to improve our organizational efficiency in an all-round way. In addition, we recruited research, applied, professional and technical talents from all over the world, enhanced the training of young and reserve talents, and continuously improved the density and quality of talents. We further optimized our talent pipeline training and employee development plans, employee incentives and other related management mechanisms, and used our digital human resources platform system to build a more flexible organization system, and provide organizational and personnel guarantees for the fulfillment of our strategic objectives. We also intensively integrated officers' leading roles, engineer culture, employee care and other cultures with our corporate culture of openness, inclusion, pragmatism and enterprising, to create a sound working environment.

(3) Improve the management system and tools, and increase the management efficiency

Our headquarters continuously improved our management system, maintained a balance between delegation of powers and supervision, between platform support and collaboration, and between management and control on the one hand and enabling on the other hand, further enhanced system governance and data governance, refined a number of normative documents, increased our management efficiency in an all-round way, and built a management ecosystem with defined roles and duties, reasonable division of work and efficient collaboration. In addition, we gave full play to the digital management tools, to provide efficient and accurate management decision-making in our business management. In 2023, we integrated the ERP management system of all subsidiaries, and built a functional information management platform for the financial, human resources, procurement and other functional departments of the headquarters that connects with the headquarters and all business units. The business units built or upgraded their production management system, to ensure services, supervision and alert covering the entire production process. We also introduced AI technologies on a trial basis, which produced good effects in defect detection, behavior management, intelligent files and advanced planning and scheduling (APS), and realized data analysis, risk alert and resources coordination covering the entire process from the warehousing of raw materials to the dispatch of products, thereby ensuring the delivery of high-quality products on schedule.

(4) Continue to adhere to the moderate financial strategy, to support the fulfillment of our strategic objectives

We adhered to the “cash-first” strategy. During the reporting period, our net cash flows from operating activities reached RMB5.172 billion, hitting a record high, which provided a solid capital guarantee for the optimization of our industrial deployment. In addition, by reference to the target capital structure conforming to our current situations, we further reduced financial leverage, lowered the debt to asset ratio to a certain extent, and significantly improved the debt structure, by increasing the proportion of long-term borrowings (including those due within one year) to the total interest-bearing liabilities to over 60% for the first time in our history, indicating that we had a more reasonable debt maturity structure. In addition, we further enhanced the rolling budget management, significantly increased the predictability of business operations, and gradually established comprehensive and systemic budget-related performance appraisal mechanisms. In the risk management related to foreign exchange rates and commodities, we adhered to the risk neutrality principle, and hedged market fluctuation risks using effective hedging tools. Finally, we vigorously explored a financial management system in line with our global deployment, and continuously enhanced the training and awareness of compliance of our overseas officers, to ensure that our financial risks were under control.

2. Revenue and costs

(1) Components of operating revenue

In RMB

	2023		2022		Y/Y % change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	33,651,205,468.80	100%	31,580,146,732.58	100%	6.56%
By segment					
Computer, communication and other	33,475,973,831.47	99.48%	31,450,821,150.93	99.59%	6.44%

electronics					
Others	175,231,637.33	0.52%	129,325,581.65	0.41%	35.50%
By product					
PCBs	23,261,396,022.09	69.13%	21,819,200,095.46	69.09%	6.61%
LED display devices	1,190,456,597.34	3.54%	1,682,433,257.88	5.33%	-29.24%
Touch panels and LCMs	4,861,904,092.14	14.45%	3,402,832,979.40	10.78%	42.88%
Precision components	4,162,217,119.90	12.37%	4,546,354,818.19	14.40%	-8.45%
Other businesses	175,231,637.33	0.52%	129,325,581.65	0.41%	35.50%
By region					
Domestic market	5,649,268,947.33	16.79%	5,622,124,424.21	17.80%	0.48%
Overseas market	28,001,936,521.47	83.21%	25,958,022,308.37	82.20%	7.87%
By sales model					
Direct sales	33,651,205,468.80	100.00%	31,580,146,732.58	100.00%	6.56%

Note: In 2023, our revenue from the new energy vehicle business was about RMB6.361 billion, an increase of 168.39% compared to the previous year.

(2) Segments, products, regions or sales models representing more than 10% of operating revenue or profit

☒ Applicable ☐ N/A

In RMB

	Operating revenue	Operating cost	Gross margin	Y/Y % change in operating revenue	Y/Y % change in operating cost	Y/Y % change in gross margin
By segment						
Computer, communication and other electronics	33,475,973,831.47	28,425,160,342.65	15.09%	6.44%	9.49%	-2.37%
By product						
PCBs	23,261,396,022.09	18,425,150,842.03	20.79%	6.61%	6.90%	-0.22%
LED display devices	1,190,456,597.34	1,507,938,317.36	-26.67%	-29.24%	-1.71%	-35.48%
Touch panels and LCMs	4,861,904,092.14	4,775,718,915.14	1.77%	42.88%	42.20%	0.47%
Precision components	4,162,217,119.90	3,716,352,268.12	10.71%	-8.45%	-3.04%	-4.98%
By region						
Domestic market	5,649,268,947.33	5,395,391,756.69	4.49%	0.48%	9.62%	-7.96%
Overseas market	28,001,936,521.47	23,146,249,286.05	17.34%	7.87%	9.70%	-1.38%
By sales model						
Direct sales	33,651,205,468.80	28,541,641,042.74	15.18%	6.56%	9.69%	-2.42%

1. The sales revenue of LED display devices decreased by 29.24% compared to the previous year, primarily due to the declining demands on the LED display market. The gross margin of LED display devices decreased by 35.48% compared to the previous year, primarily due to declining market demands, decrease in output, inadequate production capacity utilization ratio, rising unit fixed costs, and declining unit selling prices caused by fiercer market competition in 2023.

2. The gross margin of sales on the domestic market decreased by 7.96% compared to the previous year, primarily due to a decrease in the gross margin of LED display devices.

In case of any adjustment to the statistic scale for primary business data, the primary business data of the most recent reporting period as adjusted according to the statistic scale applied at the end of the reporting period:

☐ Applicable ☒ N/A

(3) Whether the Company's revenue from the sale of tangible goods is higher than the revenue from labor services?

☒ Yes ☐ No

Segment	Item	Unit	2023	2022	Y/Y % change
PCBs	Sales volume	m ²	3,978,943.86	3,480,443.01	14.32%
	Output	m ²	3,952,946.76	3,478,056.19	13.65%

	Inventories	m ²	108,882.00	134,879.10	-19.27%
LCMs	Sales volume	PC	11,373,591.00	10,577,698.00	7.52%
	Output	PC	11,318,183.00	10,566,760.00	7.11%
	Inventories	PC	3,820,609.00	3,876,017.00	-1.43%
LED display devices	Sales volume	PC	139,815,431,644.00	174,462,497,331.00	-19.86%
	Output	PC	133,986,681,041.00	168,183,812,209.00	-20.33%
	Inventories	PC	19,701,743,832.00	25,530,494,435.00	-22.83%
Precision components	Sales volume	PC	106,339,767.00	100,447,048.00	5.87%
	Output	PC	106,794,715.00	118,717,426.00	-10.04%
	Inventories	PC	30,807,396.00	30,352,448.00	1.50%

Analysis of changes in the relevant data over 30% compared to the previous year:

☒ Applicable ☐ N/A

1. The sales volume and output of LED display devices decreased by 19.86% and 20.33% respectively compared to the previous year, primarily due to the declining demands on the small-pitch LED display market. The inventories of LED display devices decreased by 22.83% compared to the previous year, primarily due to an increase in inventory turnover rate resulting from our improvement of inventory management.

(4) Performance of material sales contracts and material purchase contracts by the Company as of the end of the reporting period

☐ Applicable ☒ N/A

(5) Components of operating costs

In RMB

Category of products	Item	2023		2022		Y/Y % change
		Amount	% of operating costs	Amount	% of operating costs	
Computer, communication and other electronics	Direct material costs	21,024,091,679.66	73.96%	19,293,122,426.37	74.15%	8.97%
	Direct labor costs	1,967,953,288.58	6.92%	1,784,170,333.27	6.86%	10.30%
	Manufacturing and other costs	5,433,115,374.42	19.11%	4,943,386,573.60	19.00%	9.91%

(6) Changes in the scope of consolidation during the reporting period

☒ Yes ☐ No

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Registered capital	Percentage of capital contribution
Aranda	Acquisition	February 1, 2023		100.00%
Suzhou JDI Electronics Inc.	Acquisition	February 1, 2023	RMB1,043,692,731	100.00%
Suzhou Dongdi Holding Limited	Established	February 13, 2023	RMB10,000,000	100.00%
Hong Kong Dongdi Holding Limited	Established	July 28, 2023	HKD10,000	100.00%
Multek Zhuhai Enterprise Management Co., LTD	Established	April 27, 2023	RMB1,000,000	100.00%
Multi-Fineline Electronics (Thailand) Co., Ltd.	Established	June 30, 2023	USD50,000,000	100.00%

2. Subsidiaries removed from the scope of consolidation

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal (RMB)	Net profit from January 1, 2023 to the date of
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				disposal (RMB)
Zhuhai Dii Information Technology Consulting Co., Ltd.	Deregistration	September 7, 2023		
Hainan Chengjia Technology Consulting Co., Ltd.	Deregistration	November 1, 2023	-206,048.28	12,320,966.42
Suzhou Yuanshi Electronic Technology Co., Ltd.	Deregistration	August 4, 2023	-12,592,979.40	-468,295.88
DSBJ Norway AS	Deregistration	December 27, 2023	345,205.52	18,211,422.23

(7) Material changes or adjustments in respect of business, products or services of the Company during the reporting period

☐ Applicable ☒ N/A

(8) Major customers and suppliers

Major customers of the Company:

Aggregate sales revenue from top 5 customers (RMB)	24,734,549,479.35
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	73.50%
Proportion of aggregate sales revenue from related parties among top 5 customers to annual sales revenue	0.00%

Particulars of top 5 customers:

No.	Name of customer	Sales revenue (RMB)	% of annual sales revenue
1	Customer 1	18,781,202,461.72	55.81%
2	Customer 2	2,521,127,522.26	7.49%
3	Customer 3	1,514,071,372.55	4.50%
4	Customer 4	1,166,354,975.61	3.47%
5	Customer 5	751,793,147.21	2.23%
Total	--	24,734,549,479.35	73.50%

Other information of major customers:

☐ Applicable ☒ N/A

Major suppliers of the Company:

Aggregate purchase amount from top 5 suppliers (RMB)	5,975,433,472.01
Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	25.82%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	0.00%

Particulars of top 5 suppliers:

No	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Supplier 1	2,034,482,529.18	8.79%
2	Supplier 2	1,162,381,570.97	5.02%
3	Supplier 3	1,048,230,389.79	4.53%
4	Supplier 4	871,822,590.04	3.77%
5	Supplier 5	858,516,392.03	3.71%
Total	--	5,975,433,472.01	25.82%

3. Expenses

In RMB

	2023	2022	Y/Y % change	Reason of material changes
Selling expenses	362,094,101.76	352,993,453.50	2.58%	
Administrative expenses	957,323,918.86	815,662,486.89	17.37%	

Financial expenses	189,131,736.69	199,633,104.49	-5.26%	
R&D expenses	1,161,190,274.48	940,085,451.98	23.52%	

4. R&D expenses

☒ Applicable ☐ N/A

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
Development of the new-type press-fit technology for super-efficient FPCs	To improve the efficiency of the press-fit process for multi-layer boards and overlay films.	Completed	The technology and market competitiveness of the relevant products will be improved.
Optimization of the drying system on the development line and etching line	To optimize the distribution of air flow and temperature at the drying section of the manufacturing process based on simulation.	Completed	The technology and market competitiveness of the relevant products will be improved.
Research and development of a new-type fluoro resin FPC	To develop fluorine materials, and build fluororesin FPC processing capability.	Completed	The technology and market competitiveness of the relevant products will be improved.
Simulation and design of 56/112 Gbps transmission line	To improve high-speed product design capability and efficiency, and reach the leading level of the industry	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of LCM three-side sealing technology	To narrow the frames of LCMs and connect LCMs with the enclosures more closely, to produce a better sealing effect.	Completed	The technology and market competitiveness of the relevant products will be improved.
Optimization of the structure of the energy storage cabinet	To optimize the structure of the energy storage cabinet, improve the manufacturability, and reduce costs.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of the process technology for producing buried resistance using thin film buried resistance foil TCR®	To provide the customers with buried resistance solutions.	Completed	The technology and market competitiveness of the relevant products will be improved.
Research and development of 21KW outdoor charging stations	To provide the customers with outdoor charging station solutions.	Completed	The technology and market competitiveness of the relevant products will be improved.
Reduction of the length of through-hole back drilling stubs	To simplify the process by eliminating the back drilling step.	In progress	The technology and market competitiveness of the relevant products will be improved.
Embedded vertical components	To provide the customers with buried components solutions.	In progress	The technology and market competitiveness of the relevant products will be improved.

Particulars of R&D personnel:

	2023	2022	Y/Y % change
Number of R&D personnel	4,148	3,944	5.17%
Ratio of R&D personnel to the total number of employees	18.39%	18.76%	-0.37%
Education background of R&D personnel			
Undergraduate	1,639	1,856	-11.69%
Master	84	55	52.73%
Age of R&D personnel			
Below 30	1,085	1,950	-44.36%
30-40	1,996	552	261.59%

Particulars of R&D expenses:

	2023	2022	Y/Y % change
Amount of R&D expenses (RMB)	1,161,190,274.48	940,085,451.98	23.52%
Ratio of R&D expenses to operating revenue	3.45%	2.98%	0.47%
Amount of R&D expenses capitalized	0.00	0.00	

(RMB)			
Ratio of capitalized R&D expenses to total R&D expenses	0.00%	0.00%	

5. Cash flows

In RMB

Item	2023	2022	Y/Y % change
Cash provided by operating activities	34,941,233,653.10	32,948,819,791.38	6.05%
Cash used in operating activities	29,768,814,182.90	28,318,935,780.00	5.12%
Net cash flows from operating activities	5,172,419,470.20	4,629,884,011.38	11.72%
Cash provided by investing activities	1,064,753,668.60	679,476,885.00	56.70%
Cash used in investing activities	5,903,655,994.11	4,438,468,040.34	33.01%
Net cash flows from investing activities	-4,838,902,325.51	-3,758,991,155.34	28.73%
Cash provided by financing activities	14,694,460,630.69	12,967,955,013.11	13.31%
Cash used in financing activities	14,937,008,144.70	12,464,334,940.01	19.84%
Net cash flows from financing activities	-242,547,514.01	503,620,073.10	-148.16%
Net increase in cash and cash equivalents	187,460,195.61	1,517,725,695.91	-87.65%

1. The cash provided by investing activities increased by 56.70% compared to the previous year, primarily due to an increase in the wealth management products becoming mature during the reporting period and corresponding interest received.

2. The net cash flows from financing activities decreased by 148.16% compared to the previous year, primarily due to the steady growth of net cash provided by operating activities and a decrease in net cash provided by bank loans during the reporting period.

3. The net increase in cash and cash equivalents decreased by 87.65% compared to the previous year, primarily due to a significant increase in the capital expenditures on additional PCB production capacity and new energy business compared to the previous year, and increase in cash used in investing activities in connection with the acquisition of Suzhou JDI and Aranda for the purpose of improving our industrial deployment.

V. Analysis of Non-primary Business

☐ Applicable ☒ N/A

VI. Analysis of Assets and Liabilities

1. Material changes in the components of assets

In RMB

	December 31, 2023		January 1, 2023		Y/Y % change	Reason for significant change
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	7,190,036,231.06	16.20%	7,131,202,817.72	17.48%	-1.28%	
Accounts receivable	7,713,164,772.05	17.38%	7,006,411,466.74	17.17%	0.21%	
Inventories	6,293,879,276.54	14.18%	6,165,738,409.09	15.11%	-0.93%	
Investment properties	1,038,840.26	0.00%	1,296,551.42	0.00%	0.00%	
Long-term equity investment	155,406,879.89	0.35%	139,767,215.41	0.34%	0.01%	
Fixed assets	12,415,251,689.80	27.98%	10,673,700,468.47	26.16%	1.82%	
Construction in progress	1,842,525,188.54	4.15%	1,813,183,815.67	4.44%	-0.29%	
Right-of-use assets	1,252,668,050.83	2.82%	951,068,254.01	2.33%	0.49%	
Short-term borrowings	5,156,100,217.01	11.62%	7,794,409,944.68	19.10%	-7.48%	Primarily due to our efforts to optimize the debt structure in order to mitigate debt risks.
Contract liabilities	28,982,676.07	0.07%	26,193,456.12	0.06%	0.01%	
Long-term borrowings	4,706,280,338.76	10.61%	3,197,821,643.49	7.84%	2.77%	Primarily due to additional loans obtained for our acquisition, fixed assets and other projects, and our efforts to optimize the debt maturity structure.

Lease liabilities	1,842,799,193.80	4.15%	1,647,319,046.20	4.04%	0.11%	
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Analysis of the high proportion of overseas assets:

☒ Applicable ☐ N/A

In RMB

Assets	Method of acquisition	Amount	Location	Mode of operation	Controls for guaranteeing the security of assets	Income	Proportion of overseas assets to net assets	Whether it involves risk of material impairment loss
Dragon Holdings	Established	25,712,962,545.42	Hong Kong, China	R&D and sales	Its manufacturing entity is located in China	669,556,434.20	35.93%	No
Multek Group	Established	4,158,208.897.11	Hong Kong, China	R&D and sales	Its manufacturing entity is located in China	95,917.983.30	11.43%	No

2. Assets and liabilities at fair value

☒ Applicable ☐ N/A

In RMB

Items	Opening balance	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Impairment loss recognized in the current period	Amount acquired in the current period	Amount sold in the current period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	359,139,037.24	3,944,665.68	-508,364,940.64		720,272,169.56	527,548,893.23		47,442,038.61
2. Derivative financial assets	159,865,619.03	-9,375,883.80	-131,384,014.73		373,366,920.00	365,552,455.00		26,920,185.50
4. Investment in other equity instruments	56,779,147.66				15,000,000.00			71,779,147.66
Subtotal of financial assets	575,783,803.93	-5,431,218.12	-631,934,490.37		735,272,169.56	527,548,893.23		146,141,371.77
Total	575,783,803.93	-5,431,218.12	-631,934,490.37		735,272,169.56	527,548,893.23		146,141,371.77
Financial liabilities	91,517,116.89	4,309,561.55	8,553,306.86		70,827,000.00	71,032,909.07		104,174,076.23

3. Encumbrances on assets as of the end of the reporting period

Items	Closing carrying value (RMB)	Type of encumbrance	Reason for restriction
Cash and bank balances	1,315,351,783.39	Pledge	Security deposit for notes, etc.
Notes receivable	130,000,000.00	Pledge	Discounted and not mature
Accounts receivable	96,168,092.66	Pledge	Factoring
Accounts receivable financing	172,685,965.02	Pledge	Pledge of notes
Fixed assets	418,641,701.59	Mortgage	Security for loans, sales and leaseback
Right-of-use assets	1,252,668,050.83	Mortgage	Finance lease
Total	3,385,515,593.49		

VII. Analysis of Investments

1. Overview

☒ Applicable ☐ N/A

Amount of investment in 2023 (RMB)	Amount of investment in 2022 (RMB)	Y/Y % change
2,016,314,450.00	3,151,530,715.00	-36.02%

2. Major equity investments acquired during the reporting period

☐ Applicable ☒ N/A

3. Major non-equity investments that have not yet been completed in the current period

☐ Applicable ☒ N/A

4. Investment in financial assets**(1) Investment in securities**

☐ Applicable ☒ N/A

We have not invested in any securities during the reporting period.

(2) Investment in derivatives

☒ Applicable ☐ N/A

1) Investment in derivatives for hedging purposes during the reporting period

☒ Applicable ☐ N/A

In RMB0'000

Type of investment in derivatives	Initial investment amount	Opening balance	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Amount acquired in the current period	Amount sold in the current period	Closing balance	% of net assets at the end of the reporting period
Commodity futures	187.3	7,604.46	1,554.25	0	37,336.69	36,555.25	9,940.16	0.55%
Total	187.3	7,604.46	1,554.25	0	37,336.69	36,555.25	9,940.16	0.55%
Hedge accounting policies and principles adopted for the reporting period and significant changes in such policies and principles compared to the previous reporting period	None							
Actual profit or loss for the reporting period	The loss on commodity futures transactions recorded in profit or loss was RMB15,542,500.							
Effect of hedging	We conduct hedging transactions for the purpose of leveraging the hedging function of futures, mitigating the effect of market price fluctuations of raw materials and products on our production and operating costs, and prices of our main products, enhancing our overall risk resistance capacity, and improving our financial soundness.							
Source of funds for investment in derivatives	Self-owned funds							
Analysis of risks associated with the derivatives held in the current period (including without limitation market risk, liquidity risk,	Refer to the Announcement of Commodity Futures Hedging Transactions disclosed by us for the relevant risk analysis and controls.							

credit risk, operational risk and legal risk) and related risk control measures	
Changes in the market price or fair value of the derivatives held in the current period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)	We are mainly engaged in hedging transactions with mainstream products on major domestic futures markets. The derivatives traded by us have a transparent and active market, and their transaction prices and settlement prices can fully reflect their fair value.
Litigations involved (if applicable)	None
Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any)	December 31, 2022
Special opinion issued by the independent directors regarding the Company's investment in derivatives and related risk control measures	The hedging transactions conducted by the Company with commodity futures can leverage the hedging function of futures, mitigate the effect of market price fluctuations of raw materials and products on the production and operating costs and the prices of main products of the Company, enhance its overall risk resistance capacity and improve its financial soundness. The relevant transactions have been considered and decided in accordance with the provisions of the applicable laws, regulations and normative documents and the relevant policies of the Company, and will not prejudice the interests of the Company and its shareholders. Therefore, we consent to the conduct of the hedging transactions by the Company with commodity futures.

5. Use of offering proceeds

☒ Applicable ☐ N/A

(1) Summary of use of offering proceeds

☒ Applicable ☐ N/A

In RMB0'000

Year of offering	Method of offering	Total offering proceeds	Net offering proceeds	Total amount of offering proceeds used in the current period	Aggregate amount of offering proceeds already used	Total amount of offering proceeds the purpose of which was changed in the current period	Aggregate amount of offering proceeds the purpose of which has been changed	Percentage of offering proceeds the purpose of which has been changed	Total amount of unused offering proceeds	Purpose and whereabouts of unused offering proceeds	Total amount of offering proceeds that has remained unused for more than two years
2020	Private placement	289,225.58	286,395.39	49,252.37	261,135.36	0	61,565.47	21.29%	26,730.68	To be invested in the relevant projects	0
Total	--	289,225.58	286,395.39	49,252.37	261,135.36	0	61,565.47	21.29%	26,730.68	--	0

Description of the overall use of offering proceeds

With the approval of the CSRC under the Reply on Approval of Private Placement of Shares by Suzhou Dongshan Precision Manufacturing Co., Ltd. (Zheng Jian Xu Ke [2020] No. 980), we privately offered 103,294,850 RMB-denominated ordinary A-shares at the offer price of RMB28.00 per share to specified investors through the lead underwriter Tianfeng Securities Co., Ltd., and raised RMB2,892,255,800 in total, and after deduction of the underwriter's fee and sponsor's fee totaling RMB22,169,800 (exclusive of tax), the balance of the offering proceeds, RMB2,868,755,800, was remitted to our supervisory account of offering proceeds by Tianfeng Securities Co., Ltd. on July 13,

2020. After the deduction of the accountant's fee, attorney's fee, legal information disclosure fee and other external costs directly relating to the offering of equity securities, totaling RMB6,132,100 (exclusive of tax), the amount of net offering proceeds was RMB2,863,953,900 (exclusive of tax). Pan-China Certified Public Accountants LLP verified the receipt of such offering proceeds, and issued the Capital Verification Report (PCCPA Capital Verification [2020] No. 5-9).

(2) Committed investment projects using offering proceeds

☒ Applicable ☐ N/A

In RMB0'000

Committed investment project and use of over-raised funds	Whether the project has been changed or partially changed	Total committed investment amount	Total investment amount as adjusted (1)	Amount invested in the current period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) = (2)/(1)	Date that the project is ready for its intended use	Income earned in the current period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project										
400,000 m ² fine line FPC production and assembly capacity expansion project	No	80,338.48	80,338.48		79,798.34	99.33%	January 5, 2022	26,790.14	Yes	No
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	No	65,958.46	65,958.46	7,647.99	39,689.71	60.17%		4,856.72	No	No
Multek PCB production line technology upgrading project	No	72,805.89	72,805.89	6,167.3	71,858.33	98.70%	April 19, 2023	9,418.2	Yes	No
FPC for new energy application and assembly project of MFLEX Yancheng	Yes		61,565.47	35,437.08	61,368.3	99.68%	August 24, 2023	2,739.23	Yes	No
Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd.	Yes	70,122.75	8,557.28		8,420.68	98.40%			N/A	Yes
Subtotal	--	289,225.58	289,225.58	49,252.37	261,135.36	--	--	43,804.29	--	--
Use of over-raised funds										
None										
Total	--	289,225.58	289,225.58	49,252.37	261,135.36	--	--	43,804.29	--	--
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project-by-project basis, including the reason for selecting	Due to the construction of the 5G network falling short of expectations, the changes in the macro-economic environment in recent years and other unfavorable factors, the "Multek 5G high-speed high-frequency and high-density PCB technology upgrading project" has proceeded slowly and produced relatively poor results. In recent years, the digital economy has developed vigorously in China, and become a main driving force for building the new development pattern and new competitive advantages of the country. As the key to leading the development of new-generation information technology and new-type infrastructure, 5G is an important engine driving the development of digital economy, and provides enormous potential for pushing society into the era of intelligent interconnection. We believe that the prospects of the 5G market are promising in the long run, and will adjust and advance the relevant investment projects taking into account the changes in market demands. Therefore, according to the market conditions and the progress of the construction and funding of the investment project, we plan to extend the date that the project is ready for its intended use to October 31, 2024, without changing the use of offering proceeds and amount of offering proceeds to be invested in the project. Such extension has been approved at the 33rd meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors held on April 19, 2023.									

N/A in the column "whether the project has produced the desired result")	
Reason for significant change in the feasibility of the project	Due to the bottleneck in the development of 5G communication, weak downstream demands and other unfavorable factors, the progress of the "Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." fell short of expectations. In light of the rapid development of the new energy vehicle market and rising demands of the on-board FPC market, as a component supplier for the international leading new energy vehicle manufacturers, we need to further improve our industrial deployment, capability to serve the downstream customers, and overall competencies. Therefore, in order to ensure the efficient use of offering proceeds, we have decided to change the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." into the "FPC for new energy application and assembly project of MFLEX Yancheng".
Amount and use of over-raised offering proceeds and progress of use thereof	N/A
Change in the place of the committed investment project	N/A
Adjustment of the method of implementation of the committed investment project	N/A
Funds pre-invested in the investment project and replacement thereof	Applicable At the 3 rd meeting of the 5 th Board of Directors, the Proposal for Replacing the Self-raised Funds Pre-invested in the Committed Investment Projects with the Idle Offering Proceeds was considered and adopted, approving the replacement of the funds of RMB 399,591,400 pre-invested in the committed investment projects with the offering proceeds. The replacement was completed in 2020.
Temporary replenishment of working capital with the idle offering proceeds	Applicable At the 2 nd meeting of the 6 th Board of Directors held on June 12, 2023, the Proposal for Temporary Replenishment of Working Capital with the Idle Offering Proceeds was considered and adopted, approving the temporary replenishment of working capital with the idle offering proceeds up to RMB250 million. As of December 31, 2023, we used the idle offering proceeds of RMB230 million to temporarily replenish the working capital.
Amount of surplus offering proceeds and reason thereof	Applicable The "400,000 m ² fine line FPC production and assembly capacity expansion project", the "Multek PCB production line technology upgrading project" and the "FPC for new energy application and assembly project of MFLEX Yancheng" have been completed with the investment as committed. RMB6,651,800, or 0.23%, of the offering proceedings designated for these projects were left unused. Such surplus was achieved because we followed the principle of reasonableness, economy and effectiveness, used the offering proceeds prudently, enhanced control, supervision and management of all kinds of expenses, reasonably allocated and optimized all kinds of resources, and reasonably reduced the relevant costs and expenses. In addition, we earned certain interest income from the offering proceeds.
Purpose and whereabouts of unused offering proceeds	As of December 31, 2023, the amount of unused offering proceeds was RMB267,306,800, of which, RMB230,000,000 was used to temporarily replenish the working capital, RMB30,655,000 was deposited in the dedicated account of offering proceeds, and the surplus offering proceeds of RMB6,651,800 after the completion of projects was used to permanently replenish the working capital.
Adjustment of the method of implementation of the committed investment project	None

(3) Changes in the committed investment projects using offering proceeds

☒ Applicable ☐ N/A

In RMB0'000

New project	Original committed project	Amount of offering proceeds to be invested in the new project (1)	Amount invested in the current period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) = (2)/(1)	Date that the project is ready for its intended use	Income earned in the current period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
FPC for new energy application and assembly	Wireless module production and	61,565.47	35,437.08	61,368.3	99.68%	August 24, 2023	2,739.23	Yes	No

project of MFLEX Yancheng	construction project of Yancheng Dongshan Communication Technology Co., Ltd.								
Total	--	61,565.47	35,437.08	61,368.3	--	--	2,739.23	--	--
Reason for change, decision-making procedures and information disclosure (please describe on a project-by-project basis)		Due to the bottleneck in the development of 5G communication, weak downstream demands and other unfavorable factors, the progress of the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." fell short of expectations. In light of the rapid development of the new energy vehicle market and rising demands of the on-board FPC market, as a component supplier for the international leading new energy vehicle manufacturers, we need to further improve our industrial deployment, capability to serve the downstream customers, and overall competencies. Therefore, in order to ensure the efficient use of offering proceeds, we have decided to change the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." into the "FPC for new energy application and assembly project of MFLEX Yancheng". Such change in the use of offering proceeds was approved at the 19 th meeting of the 5 th Board of Directors and the 13 th meeting of the 5 th Board of Supervisors held on February 17, 2022, and the first extraordinary general meeting in 2022 held on March 8, 2022, and disclosed on www.cninfo.com.cn , and our designated newspapers for information disclosure.							
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project-by-project basis)		None							
Reason for significant change in the feasibility of the project		None							

VIII. Sale of Material Assets and Equities

1. Sale of material assets

☐ Applicable ☒ N/A

No material asset has been sold during the reporting period.

2. Sale of material equities

☐ Applicable ☒ N/A

IX. Analysis of Major Subsidiaries and Associates

☒ Applicable ☐ N/A

Major subsidiaries and associates representing more than 10% of the net profit of the Company:

In RMB

Company name	Type of company	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Dragon Holdings	Subsidiary	Design, R&D, sale and after-sale services in respect of PCBs; investment holding	USD113,450,100	25,712,962,545.42	6,518,291,595.07	38,257,371,211.10	864,700,364.95	669,556,434.20
Multek Group	Subsidiary	R&D, sale and after-sale services in respect of PCBs; investment holding	USD218,248,360.27	4,158,208,897.11	2,073,178,232.57	3,914,420,317.70	121,760,866.23	95,917,983.30

Subsidiaries acquired or disposed of during the reporting period:

☒ Applicable ☐ N/A

Company name	Method of acquisition or disposal	Effect on overall production, operation and results
Aranda	Acquisition	No material effect on our operating results in the current period
Suzhou JDI Electronics Inc.	Acquisition	No material effect on our operating results in the current period
Suzhou Dongdi Holding Limited	Established	No material effect on our operating results in the current period
Hong Kong Dongdi Holding Limited	Established	No material effect on our operating results in the current period
Multek Zhuhai Enterprise Management Co., LTD	Established	No material effect on our operating results in the current period
Multi-Fineline Electronics (Thailand) Co., Ltd.	Established	No material effect on our operating results in the current period
Zhuhai Dii Information Technology Consulting Co., Ltd.	Deregistration	No material effect on our operating results in the current period

Hainan Chengjia Technology Consulting Co., Ltd.	Deregistration	No material effect on our operating results in the current period
Suzhou Yuanshi Electronic Technology Co., Ltd.	Deregistration	No material effect on our operating results in the current period
DSBJ Norway AS	Deregistration	No material effect on our operating results in the current period

X. Structured Entities Controlled by the Company

☐ Applicable ☒ N/A

XI. Prospects for Future Development of the Company

(I) Our development strategy

Our strategy emphasizes high-quality development through systematic planning and a well-designed overarching strategy. We are committed to maintaining operational integrity while adapting to market changes, focusing on consumer electronics and new energy vehicles. We aim to strengthen our business deployment by increasing R&D funding and leveraging internal resources and potential to enhance our performance in the new energy sector. Our approach includes comprehensive budget management and prioritizing key customers and products. We adhere to prudent operations to sustain a healthy financial position. Additionally, we optimize our organizational structure and enhance personnel training. We actively integrate information technology with industrial processes to drive the transformation from traditional manufacturing to intelligent manufacturing.

(II) 2024 business plan

- (1) Implement the “two-wheel drive” strategy, and promote R&D of, and increase funding for, frontier products;
- (2) adhere to the business strategy of “increasing revenues, income and ROE”;
- (3) Optimize the layout and improve the operating capability of the production bases;
- (4) Maintain a healthy financial position, and continuously optimize the capital structure;
- (5) Enhance system governance and data governance, and promote high-quality development of the Company;
- (6) Continuously optimize the organization structure and personnel training; and
- (7) Increase ESG values and sustainability, and actively pursue green and low-carbon development and sustainable development.

(III) Main risk factors

1. Risk of concentration of customers

We have good customer resources. Our major customers are well-known domestic and international companies in the relevant industries that are of sound credit and have established stable cooperation relationships with us. However, our top 5 customers constitute a large proportion of our total sales revenue, which may further increase in the future. Any material adverse change in the business situation of such major customers could have an adverse effect on our business.

We will give full play to our advantages, make active deployment in the new energy and other emerging industries and strive to develop new customers, in order to mitigate the adverse effect of the relative concentration of customers on us.

2. Risks brought by rapid technology upgrading of the industry

Our business covers PCB, photoelectric display, precision manufacturing and other technology-intensive industries, and our products are widely applied in consumer electronics, new energy vehicles, communication equipment, industrial equipment, AI, medical appliances and other fields, all of which are characterized by rapid technology upgrading. If our R&D and manufacturing

capabilities fail to keep pace with the rapid technology upgrading of downstream products, our products and technologies may become obsolete.

We will follow up on the new technologies and new processes of the industry from the strategic perspective, and strive to keep our technologies and processes at the advanced level through continuous and effective R&D funding.

3. Risk of changes in the global trade environment

Our major customers include some well-known international companies, and our export sales have grown steadily for years. Though China has established good economic and trade cooperation relationships with major countries in the world, the increasingly fierce regional frictions in recent years may cause uncertainties in the applicable trade policies, which could affect our international trade.

We will follow up on the development of international trade frictions, strengthen communication with our customers, and continue to foster our competencies and customer adhesion.

4. Risk of market exploitation

We are a strong R&D and manufacturing enterprise in the fields of PCB, photoelectric display and precision manufacturing. Due to our stable product quality and efficient customer services, we have remarkable competencies, and are able to provide the downstream enterprises with “one-stop” products and services, and satisfy their demands for systemic manufacturing solutions. However, our downstream industries are characterized by rapid upgrading and rapid changes in the preferences of consumers, among others. If our major customers are at a disadvantage in the market, or we are unable to satisfy the demands of customers or fail to acquire new customers, the sales and margin rate of our products may decrease.

We will continue to increase R&D funding, optimize our product mix and process structure, enhance our competencies, and actively cope with market competition.

5. Environmental risk

In our production, the electroplating, etching and other processes produce waste water, waste gases and solid wastes, and therefore are subject to strict requirements for environmental protection. We cannot exclude the possibility that environmental incidents may happen during our production due to negligence in management, force majeure or otherwise. If we meet with any environmental incident, cause pollution to the environment or violate the applicable environmental protection laws and regulations, our reputation and operations could be adversely affected. Along with the vigorous development of a green and low-carbon circular economic development system and improvement of people’s living standard in China, and increasingly enhanced awareness of environmental protection of people, the country attaches increasingly great importance to environmental protection. If the country puts forward stricter environmental protection requirements, we may need to increase the funding for environmental protection, which would increase our environmental protection costs and in turn affect our results.

We have set the building of an environment-friendly enterprise as a key goal of our sustainable development strategy, attached great importance to and increased the funding for environmental protection in our production and operation, actively responded to the requirements of the latest environmental protection laws and regulations, enhanced environmental protection training and employees’ awareness of environmental protection, taken control measures at source, established and improved the environmental management system, and implemented the requirements related to environmental safety in all of our key business activities, to reduce the environmental risks.

6. Foreign exchange risk

Export sales constitute a large proportion of our total sales revenue. Because our day-to-day operation involves transactions in USD and other foreign currencies, and our consolidated accounts are presented in RMB, the changes in the exchange rate between RMB and USD may cause foreign exchange risk to our future operations.

We will pay close attention to the changes in the relevant foreign exchange rates, strive to control the exposure to foreign exchange risk at a reasonable level, and hedge or otherwise reduce exposure to such risk.

XII. Investigation, Research, Communication, Interview and Other Activities during the Reporting Period

☒ Applicable ☐ N/A

Date	Place	Method of communication	Type of guests	Guests	Main topics of discussion and information provided	Particulars of the investigation and research activity available at
February 3, 2023	Meeting room of the Company	On-site investigation	Institutional investors	Aegon-Industrial Fund and other 23 institutional investors	Development of our new energy business, and situations of our factories in different locations	www.cninfo.com.cn
April 27, 2023	Online	Communication through the online platform	Others	Investors	PCB, LED and new energy business	www.cninfo.com.cn
August 31, 2023	Online	Communication by telephone	Institutional investors	Haitong Securities and other 280 institutional investors	Interpretation of our semi-annual report	www.cninfo.com.cn
September 26, 2023	Hong Kong, China	Others	Institutional investors	CoreView, Dantai, Dymon, etc.	Corporate governance, new energy, LED and other business segments	www.cninfo.com.cn
October 25, 2023	Online	Communication by telephone	Institutional investors	Hua Chuang Securities and other 412 institutional investors	New energy and other business segments	www.cninfo.com.cn
October 25, 2023	Shanghai, China	Others	Others	Investors	Our “two-wheel drive” strategy, mergers and acquisitions, and new energy business	www.cninfo.com.cn

XIII. Implementation of the Action Plan to Improve the Quality and Returns

Whether the Company has disclosed its action plan to improve the quality and returns?

☒ Yes ☐ No

I. Focus on the primary business, and adhere to the “two-wheel drive” strategy

For decades, we have focused on expanding and optimizing our primary business through internal development and acquisitions, and gradually formed three industrial segments, namely PCB, photoelectric display and precision manufacturing. Our products are widely used in consumer electronics, new energy vehicles, communication equipment, industrial equipment, AI, servers, medical appliances and other fields. In recent years, leveraging our technical advantages accumulated in the fields of consumer electronics and communication equipment, we have actively explored the wholly new field of new energy vehicles with a view to making contributions to the green transition of the global energy structure, and built an industrial development pattern with consumer electronics and new energy vehicle business at the core.

In the field of consumer electronics, we have closely followed the steps of leading customers in strategic innovation, actively expanded global deployment while maintaining superior products, and through the improvement of technical capabilities, increased the application of our PCB products in emerging fields. In the field of new energy vehicles, in response to the demands of our customers, we have actively promoted the construction of domestic and overseas production bases, completed the acquisition of Suzhou JDI and US Aranda, continuously expanded our production lines, and strived to provide the customers with one-stop products and services. Between January and September 2023, we recorded an operating revenue of RMB22.501 billion and a net profit of RMB1.333 billion attributable to the shareholders of the Listed Company, maintaining strong profitability; we also continuously optimized the structure of our core business, recorded a sales revenue of about RMB4.5 billion from the new energy business, and further increased the proportion of products with higher growth potentials in our operating revenues and

profits. In the future, in order to promote our long-term and high-quality development and implement our corporate strategy to focus on the two key fields of consumer electronics and new energy vehicles, we will further increase the production capacity of high-end PCB products and precision structural component products, strive to satisfy the customer demands for supply chain management and innovative products in the fields of consumer electronics and new energy vehicles, supply core products to key customers to seize the opportunities for rapid growth, continuously create values for our customers, and actively enhance our core competencies.

II. Persist in innovation-driven development, and continuously promote digital transition

We have adhered to the long-termism, promoted innovation-driven development, closely followed the frontier technologies, continuously increased R&D funding, and improved our R&D system; through participation in the preliminary development projects of leading customers of the industry, enhanced technical innovation, improved production technologies and process capabilities, and continuously cultivated new quality productive forces, to promote our high-quality development; further explored the frontier manufacturing technologies for core components in the field of intelligent interconnection, to lay a solid foundation for serving the future innovative business fields, and further respond to customer demands; continuously promoted the integration of informatization and industrialization, focused on the application of cutting-edge big data and AI technologies, vigorously promoted intelligent manufacturing and built smart factories. In 2023, some of our subsidiaries were named “National Model Factory for Intelligent Manufacturing” and “5G Factory of Jiangsu”, and awarded other honorary titles. While promoting the integration of informatization and industrialization, we have also improved system and data governance, fully aroused the initiative and creativity of all organizations, established and improved a scientific and efficient management system, and enhanced our core competencies in an all-around way from the system and organization levels.

III. Enhance corporate governance and improve the level of operational compliance

We have continuously consolidated the basis of corporate governance, actively improved the level of corporate governance, and promoted the sound operation of general meetings of shareholders, board of directors, board of supervisors and management; established and improved the internal control system, enhanced risk management, and improved the decision-making level, to enter into a virtuous circle in our development, and vigorously protect the legitimate rights and interests of our shareholders. Our Board of Directors has seriously implemented all resolutions of shareholders, and faithfully performed their duty of loyalty. Our management has seriously performed all duties assigned by the Board of Directors, further improved their management capabilities, and continuously enhanced our core competencies, profitability and overall risk management capabilities, to achieve sustainable development and strive to maximize returns to our shareholders.

IV. Put investors first, and attach great importance to returns to investors

(I) Attach great importance to the quality of information disclosures. We have strictly complied with the information disclosure principles of “truthfulness, accuracy, completeness, timeliness and fairness”, strived to satisfy the demands of investors, continuously improved the quality and effectiveness of information disclosures, and disclosed complete information related to our business and other affairs at multiple layers and from multiple perspectives. In the future, we will, taking into account our actual business situations and development characteristics, perform our information disclosure obligations with high quality, continuously optimize the ways to disclose our business information, proactively disclose useful information for the investors to make their investment decisions, emphasize on the disclosure of important and well-targeted information, enhance the disclosure of critical information related to industrial competition, business operation and risk factors, and reduce the disclosure of redundant information.

(II) Enhance communications with investors. We have attached great importance to the management of investor relations, continuously improved the working mechanisms and content of the management of investor relations, through performance briefings, teleconferences, on-site visits and investigations or otherwise, deepened the investors’ understanding of our production and business situations and other activities, and enhanced their acceptance of and confidence in us, to achieve the objectives of

respecting investors, offering returns to investors and protecting investors. In the future, we will continue to build the ecosystem for active interactions with investors, provide conveniences for all kinds of investors to participate in the decision-making on material matters, and create long-term values for investors.

(III) Attach great importance to returns to investors. While focusing on our own development, we have attached great importance to returns to investors, and always put investors first. Since our listing, we have distributed cash dividends in strict accordance with the profit distribution policy set forth in our Articles of Association, and shared our development results with the investors. In the future, we will maintain a dynamic balance among our development, performance growth and returns to shareholders, according to the profit distribution principle taking into account our development stage, seriously implement the mechanism of “long-term, stable and sustainable” returns to shareholders, and continuously enhance the investors’ sense of gain.

We will remain true to our original aspiration, consolidate the foundation of our enterprise, keep pace with the times, and start a new journey. We will always bear in mind returns to shareholders, put investors first, actively implement the action plan to improve the quality and returns, strive to improve our operating quality and investment value, effectively enhance the investors’ sense of gain, and make positive contributions to the stabilization of market and confidence.

Section IV Corporate Governance

I. Overview of Corporate Governance

During the reporting period, we have continuously improved our corporate governance structure, operated in compliance with the regulations, and enhanced information disclosure in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange* and other applicable laws and regulations. We have established a corporate governance structure that sets forth well-defined powers and responsibilities, and mutual restraint mechanisms, and operates in a coordinated manner. Our general meeting, Board of Directors and Board of Supervisors have duly performed their duties and exercised their functions, operated in compliance with the regulations, and seriously protected the legitimate rights and interests of the investors and the Company.

Is there any significant difference between the actual circumstance of corporate governance of the Company and the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies?

☐ Yes ☒ No

There isn't any significant difference between the actual circumstance of our corporate governance and the applicable laws, administrative regulations and the provisions of the CSRC regarding corporate governance of the listed companies.

II. The Company's Independence of its Controlling Shareholders and Actual Controllers in Assets, Personnel, Finance, Organization and Business

We are independent of our controlling shareholders in business, personnel, assets, organization and finance, and have our own independent and complete business, and are independent in management.

1. Independence in business operation: We are independent of our shareholders and other affiliates in business operation, have complete production, R&D, management, procurement and sales systems, and are able to do business independently on the market.
2. Independence in personnel: We have a sound corporate governance structure in place, and our directors, supervisors and senior executives have been appointed in strict accordance with the *Company Law* and the AOA, and do not hold any concurrent post in contravention of the applicable laws and regulations. We are independent of our shareholders in personnel and payroll management, and all of our employees receive their salaries from us. We have developed stringent employee, performance appraisal, promotion and other labor management policies, and entered into a Labor Contract with each employee. We are fully independent in labor, personnel and payroll management.
3. Independence in assets: We have a clear property right relationship with our controlling shareholders, own or have the right to use the premises and land necessary for our production and operating activities, and have complete auxiliary production systems and supporting facilities. None of our controlling shareholders or the business entities controlled by them has occupied any of our funds, assets or other resources.
4. Independence in organization: We have established a sound corporate governance structure in accordance with the requirements of the *Company Law* and the AOA, and our general meeting, Board of Directors and Board of Supervisors exercise their respective functions in strict accordance with applicable laws and regulations. We have set up internal bodies suitable for our development, defined their respective functions, and developed corresponding internal management and control systems. All of our functional departments operate independently, free from any interference by any shareholders, other departments, entities or individuals, and do not engage in any mixed operation or share office space with other departments.

5. Independence in finance: We have an independent finance department, and full-time financial personnel, established a sound accounting system and financial management and decision-making policies, and implemented strict financial supervision and administration. We open independent bank accounts, and control our funds and assets independently, free from any interference by our shareholders. We are an independent taxpayer, pay taxes independently according to law, and do not mix our tax payment with any shareholder.

III. Horizontal Competition

☐ Applicable ☒ N/A

IV. Particulars of Annual General Meeting and Extraordinary General Meetings Held during the Reporting Period

1. General meetings held during the reporting period

Session	Type of meeting	Percentage of investors attending the meeting	Date of meeting	Disclosure date	Resolution of the meeting
1st extraordinary general meeting in 2023	Extraordinary general meeting	46.86%	March 31, 2023	April 1, 2023	Announcement of the resolutions of the 1 st extraordinary general meeting in 2023 (Announcement No.: 2023-016)
2 nd extraordinary general meeting in 2023	Extraordinary general meeting	48.80%	April 19, 2023	April 20, 2023	Announcement of the resolutions of the 2 nd extraordinary general meeting in 2023 (Announcement No.: 2023-022)
2022 annual general meeting	Annual general meeting	49.82%	June 6, 2023	June 7, 2023	Announcement of the resolutions of the 2022 annual general meeting (Announcement No.: 2023-048)
3 rd extraordinary general meeting in 2023	Extraordinary general meeting	48.89%	June 15, 2023	June 16, 2023	Announcement of the resolutions of the 3 rd extraordinary general meeting in 2023 (Announcement No.: 2023-056)

V. Directors, Supervisors and Senior Executives

1. Particulars

Name	Sex	Age	Title	Status	Beginning date of the term of office	End date of the term of office	Opening balance of shares held	No. of additional shares acquired in the current period	No. of shares disposed of in the current period	Changes in the number of shares held due to other reasons	Closing balance of shares held
YUAN Yonggang	Male	45	Chairman	Active	June 6, 2023	June 5, 2026	202,226,196				202,226,196
YUAN Yongfeng	Male	47	Director & General Manager	Active	June 6, 2023	June 5, 2026	222,388,153				222,388,153
ZHAO Xiutian	Male	61	Vice Chairman	Active	June 6, 2023	June 5, 2026					
SHAN Jianbin	Male	48	Director & Executive President	Active	June 6, 2023	June 5, 2026	553,700				553,700
MAO Xiaoyan	Female	44	Director, Deputy General Manager & Board Secretary	Active	June 6, 2023	June 5, 2026	391,600				391,600
WANG Xu	Male	42	Director, Deputy General Manager & CFO	Active	June 6, 2023	June 5, 2026	560,000				560,000
WANG Zhangzhong	Male	61	Independent director	Active	June 6, 2023	June 5, 2026					
SONG Liguu	Male	60	Independent director	Active	June 6, 2023	June 5, 2026					
GAO Yongru	Male	56	Independent director	Active	June 6, 2023	June 5, 2026					
MA Liqiang	Male	43	Chairman of the Board of Supervisors	Active	June 6, 2023	June 5, 2026	3,000				3,000
JI Yachun	Male	46	Employee representative supervisor	Active	June 6, 2023	June 5, 2026					
HUANG Yongxin	Male	38	Employee representative supervisor	Active	June 6, 2023	June 5, 2026					
Total	--	--	--	--	--	--	426,122,649				426,122,649

Whether any director or supervisor retired or any executive was removed during the reporting period?

☐ Yes ☒ No

Changes in directors, supervisors and senior executives:

☐ Applicable ☒ N/A

2. Profile

Professional background, main work experience and main duties of our current directors, supervisors and senior executives:

(1) Members of the Board of Directors

Mr. YUAN Yonggang: PRC citizen, having permanent residency in Singapore, bachelor's degree, one of the controlling shareholders and actual controllers of the Company. He has served as the Director of the Marketing Department, Deputy Manager and Vice Chairman of the Company since October 1998, and is now Chairman of the Company, Vice Chairman of the Jiangsu General Chamber of Commerce, Vice Chairman of the Suzhou Association of Industry and Commerce, and member of the 17th People's Congress of Suzhou.

Mr. YUAN Yongfeng: PRC citizen, bachelor's degree, one of the controlling shareholders and actual controllers of the Company. He has served as the Director of the Manufacturing Department and Supervisor of the Company since October 1998, and is now director and General Manager of the Company, Chairman of the Yancheng Electronic Information Industry Association, and member of the 5th CPPCC Wuzhong District Committee of Suzhou.

Mr. ZHAO Xiutian: US citizen, postgraduate. He has served in Feichuang, Hughes Network Systems, MCE, Celiant and Andrew, and is now Vice Chairman of the Company.

Mr. SHAN Jianbin: PRC, bachelor's degree. He has served in Mekttec Manufacturing Corporation (Zhuhai) Ltd., and is now director and Executive President of the Company, and Vice Chairman of the Executive Council of the China Printed Circuit Association.

Ms. MAO Xiaoyan: PRC citizen, postgraduate, and economist. She has served in Suzhou Huacheng Group Company Limited and Jiangsu Wuzhong Pharmaceutical Development Co., Ltd., and is now the director, Deputy General Manager and Board Secretary of the Company.

Mr. WANG Xu: PRC citizen, postgraduate, certified public accountant (non-practitioner). He has served in Kunshan Fengrui United Accounting Firm and Suzhou Good-ark Electronics Co., Ltd., and is now director, Deputy General Manager and CFO of the Company, part-time tutor for postgraduates in accounting of the Soochow University Dongwu Business School, part-time tutor for postgraduates in accounting and audit of the Nanjing University of Information Science & Technology School of Business, and part-time tutor for postgraduates in accounting of the Jiangsu Normal University School of Business.

Mr. WANG Zhangzhong: PRC citizen, postgraduate. He has served in the Nanjing Institute of Technology School of Materials Science and Engineering as a teacher, office director, secretary of the Party committee, chief of the division of science and technology, dean and professor since August 1983, and is now independent director of the Company, Director of the Nanjing Institute of Technology Institute of New Material Technology, Director of the Jiangsu Key Laboratory of Advanced Structural Materials and Application Technology, member of the Executive Council of the China Heat Treatment Association, Chairman of the Executive Council of the Industrial Furnace Branch of Jiangsu Mechanical Engineering Society, Vice Chairman of the New Metal Materials Branch of Jiangsu Metallurgical Industry Association, and independent director of Suzhou Huike Technology Co., Ltd.

Mr. SONG Liguu: Hong Kong citizen, PhD candidate. He has served in CITIC Securities Tianjin Business Department, the Tianjin Equity Exchange, Anhui Antai Law Firm, China Baoan Group, Hong Kong Heng Feng Group International Investment Limited, CHAN & Co., ARTHUR K.H. and Denton Wilde Sapte (Hong Kong), and is now independent director of the Company, counsel of Jones Day International Law Firm (Hong Kong), visiting associate professor of the Anhui University Law School, and

arbitrator of the China International Economic and Trade Arbitration Commission, the Cross-Straits Arbitration Center, and the Xiamen Arbitration Commission.

Mr. GAO Yongru: PRC citizen, PhD candidate, senior accountant. He has served in Panda Electronic Group, Jiangsu Jinling Accounting Firm, the Nanjing Municipal Bureau of Labor, Huatai Securities Co., Ltd., Nanjing Transportation Holding Co., Ltd., Yincheng Properties Group Co., Ltd., Jinling Resort Nanjing Co., Ltd., Shenwu Energy Saving Co., Ltd., Hefei Genius Advanced Material Co., Ltd., Guangzhou Haozhi Industrial Co., Ltd. and Jiangsu Limin Paper Packaging Co., Ltd., and is now independent director of the Company, director of Nanjing Borun Intelligent Technology Co., Ltd., CFO of Nanjing Borun Brain Intelligent Technology Co., Ltd., director of Jiangsu Sunlant Bioengineering Co., Ltd., independent director of Nanjing CompTech Composites Corp., director of Jiangsu Binhai Rural Commercial Bank Co., Ltd., supervisor of Jiangsu Xinruide System Integration Engineering Co., Ltd., Deputy General Manager of Yongtuo Certified Public Accountants LLP Jiangsu Office, managing director of Shengkun Business Service (Nanjing) Co., Ltd., part-time tutor for postgraduates in accounting of the Nanjing University of Information Science & Technology, and part-time tutor for postgraduates in accounting of the Shenyang University.

(2) Members of the Board of Supervisors

Mr. MA Liqiang: PRC citizen, bachelor's degree. He has served in Suzhou Dayin Electronic Telecommunications Equipment Co., Ltd., Suzhou Jinhua Sheng Paper Co., Ltd. and Dongshan Optronics (Suzhou) Co., Ltd., and is now Chairman of the Board of Supervisors of the Company, and COO, President of China Region, and President of Touch & Display Business Unit of Multek.

Mr. JI Yachun: PRC citizen, postgraduate. He has served in the Central Committee of the Communist Youth League of China, and is now the employee representative supervisor and Public Relations President (Yancheng) of the Company, Secretary of the Party Committee and Chairman of the Management Committee of the Yancheng Dongshan Precision Industrial Park, and member of the 14th People's Congress of Jiangsu Province.

Mr. HUANG Yongxin: PRC citizen, bachelor's degree. He has served in Everlight Electronics (China) Co., Ltd., and is now employee representative supervisor of the Company, and General Manager of Yancheng Dongshan Precision Manufacturing Co., Ltd.

(3) Senior executives

The resume of Mr. YUAN Yongfeng (General Manager), Mr. SHAN Jianbin (Executive President), Ms. MAO Xiaoyan (Deputy General Manager and Board Secretary) and Mr. WANG Xu (Deputy General Manager and CFO) are set forth in "Members of Board of Directors" above.

Positions held in shareholders:

☐ Applicable ☒ N/A

Positions held in other entities:

☒ Applicable ☐ N/A

Name	Entity	Position
YUAN Yonggang	Suzhou Dongyang Investment Co., Ltd.	Supervisor
YUAN Yonggang	Anhui Landun Photoelectron Co., Ltd.	Chairman
YUAN Yonggang	Shanghai Corkuna New Material Technologies Co., Ltd.	Chairman
YUAN Yonggang	Jingbaiyue Investment Development (Suzhou) Co., Ltd.	Managing Director
YUAN Yonggang	Shenzhen National Star Vision Technology Co., Ltd.	Director
YUAN Yonggang	Suzhou Dongding Tea Shop Co., Ltd.	Supervisor
YUAN Yonggang	Shanghai Xinhuarui Semiconductor Technology Co., Ltd.	Director
YUAN Yonggang	Jiangsu Xinhuarui Semiconductor Technology Co., Ltd.	Director
YUAN Yonggang	Ningbo Qixiang Information Technology Co., Ltd.	Director
YUAN Yonggang	Brave Pioneer International Limited	Managing director

YUAN Yonggang	Hong Kong Dongshan Investment Holdings Co., Ltd.	Managing Director
YUAN Yonggang	Fujian Nanping Nanfu Battery Co., Ltd.	Director
YUAN Yonggang	Jiangsu General Chamber of Commerce	Vice Chairman
YUAN Yonggang	Suzhou Association of Industry and Commerce	Vice Chairman
YUAN Yongfeng	Suzhou Dongyang Investment Co., Ltd.	Managing Director
YUAN Yongfeng	Yancheng Electronic Information Industry Association	Chairman
YUAN Yongfeng	CPPCC Wuzhong District Committee of Suzhou	Member
ZHAO Xiutian	Suzhou Langsheng Communication Technology Co., Ltd.	Director
SHAN Jianbin	China Printed Circuit Association	Vice Chairman of the Executive Council
MAO Xiaoyan	Dotwil Radio Frequency (Anhui) Technology Co. Ltd.	Director
WANG Xu	Soochow University Dongwu Business School	Part-time tutor for postgraduates in accounting
WANG Xu	Nanjing University of Information Science & Technology School of Business	Part-time tutor for postgraduates in accounting and audit
WANG Xu	Jiangsu Normal University School of Business	Part-time tutor for postgraduates in accounting
WANG Zhangzhong	Nanjing Institute of Technology Institute of New Material Technology	Dean
WANG Zhangzhong	Nanjing Institute of Technology School of Materials Science and Engineering	Professor
WANG Zhangzhong	Jiangsu Key Laboratory of Advanced Structural Materials and Application Technology	Director
WANG Zhangzhong	China Heat Treatment Association	Member of the Executive Council
WANG Zhangzhong	Industrial Furnace Branch of Jiangsu Mechanical Engineering Society	Chairman of the Executive Council
WANG Zhangzhong	New Metal Materials Branch of Jiangsu Metallurgical Industry Association	Vice Chairman
WANG Zhangzhong	Suzhou Huike Technology Co., Ltd.	Independent director
SONG Ligu	Jones Day International Law Firm (Hong Kong)	Counsel
SONG Ligu	Anhui University Law School	Visiting associate professor
SONG Ligu	China International Economic and Trade Arbitration Commission	Arbitrator
SONG Ligu	Cross-Straits Arbitration Center	Arbitrator
SONG Ligu	Xiamen Arbitration Commission	Arbitrator
GAO Yongru	Yongtuo Certified Public Accountants LLP Jiangsu Office	Deputy General Manager
GAO Yongru	Nanjing CompTech Composites Corp.	Independent Director
GAO Yongru	Jiangsu Sunlant Bioengineering Co., Ltd.	Independent Director
GAO Yongru	Jiangsu Binhai Rural Commercial Bank Co., Ltd.	Independent Director
GAO Yongru	Jiangsu Xinruide System Integration Engineering Co., Ltd.	Supervisor
GAO Yongru	Shengkun Business Service (Nanjing) Co., Ltd.	Managing Director
GAO Yongru	Nanjing Borun Intelligent Technology Co., Ltd.	Director
GAO Yongru	Nanjing Borun Brain Intelligent Technology Co., L	CFO
GAO Yongru	Nanjing University of Information Science & Technology	Part-time tutor for postgraduates in accounting
GAO Yongru	Shenyang University	Part-time tutor for postgraduates in accounting

Punishments imposed by the securities regulatory authorities in the past three years on the directors, supervisors and senior executives of the Company currently in office or leaving office during the reporting period:

☐ Applicable ☒ N/A

3. Remunerations of directors, supervisors and senior executives

Decision-making process, criteria for determination and actual amount in respect of remunerations of directors, supervisors and senior executives:

The remunerations of our directors, supervisors and senior executives are determined in accordance with the provisions of the AOA as follows: the amount and terms of payment of remuneration of the members of the Board of Directors and the Board of Supervisors are determined by the general meeting; the amount and terms of payment of remuneration of the senior executives are determined by the Board of Directors; the remunerations of the directors, supervisors and senior executives are determined based on their respective job responsibilities, and achievement of annual performance indicators for those holding key operational

positions concurrently, or fulfillment of job responsibilities and annual tasks for those holding key managerial positions concurrently. The remunerations paid by us to our directors, supervisors and senior executives conform to our remuneration policies and the fulfillment of their job responsibilities.

Remunerations of directors, supervisors and senior executives paid in the current period:

In RMB0'000

Name	Sex	Age	Title	Status	Total remuneration received from the Company (inclusive of tax)	Whether or not receiving remunerations from any affiliate of the Company
YUAN Yonggang	Male	45	Chairman	Active	301.56	No
YUAN Yongfeng	Male	47	Director & General Manager	Active	301.56	No
ZHAO Xiutian	Male	61	Vice Chairman	Active	410.00	No
SHAN Jianbin	Male	48	Director & Executive President	Active	361.65	No
MAO Xiaoyan	Female	44	Director, Deputy General Manager & Board Secretary	Active	121.89	No
WANG Xu	Male	42	Director, Deputy General Manager & CFO	Active	186.25	No
WANG Zhangzhong	Male	61	Independent Director	Active	12.00	No
SONG Ligu	Male	60	Independent Director	Active	12.00	No
GAO Yongru	Male	56	Independent Director	Active	12.00	No
MA Liqiang	Male	43	Chairman of the Board of Supervisors	Active	218.93	No
JI Yachun	Male	46	Employee representative supervisor	Active	110.66	No
HUANG Yongxin	Male	38	Employee representative supervisor	Active	147.80	No
Total	--	--	--	--	2,196.30	--

Other information:

☐ Applicable ☒ N/A

VI. Performance of Duties by the Directors during the Reporting Period

1. Meetings of the Board of Directors held during the reporting period

Session	Date of meeting	Disclosure date	Resolution of the meeting
31 st meeting of the 5 th Board of Directors	March 15, 2023	March 16, 2023	Announcement of the resolutions of the 31 st meeting of the 5 th Board of Directors (Announcement No.: 2023-012)
32 nd meeting of the 5 th Board of Directors	April 3, 2023	April 4, 2023	Announcement of the resolutions of the 32 nd meeting of the 5 th Board of Directors (Announcement No.: 2023-017)
33 rd meeting of the 5 th Board of Directors	April 19, 2023	April 21, 2023	Announcement of the resolutions of the 33 rd meeting of the 5 th Board of Directors (Announcement No.: 2023-023)
34 th meeting of the 5 th Board of Directors	April 24, 2023	April 25, 2023	The First Quarter Report 2023 was adopted.
35 th meeting of the 5 th Board of Directors	May 25, 2023	May 26, 2023	Announcement of the resolutions of the 35 th meeting of the 5 th Board of Directors (Announcement No.: 2023-041)
1 st meeting of the 6 th Board of Directors	June 6, 2023	June 7, 2023	Announcement of the resolutions of the 1 st meeting of the 6 th Board of Directors (Announcement No.: 2023-049)
2 nd meeting of the 6 th Board of Directors	June 12, 2023	June 13, 2023	Announcement of the resolutions of the 2 nd meeting of the 6 th Board of Directors (Announcement No.: 2023-053)
3 rd meeting of the 6 th Board of Directors	July 7, 2023	July 8, 2023	Announcement of the resolutions of the 3 rd meeting of the 6 th Board of Directors (Announcement No.: 2023-059)
4 th meeting of the 6 th Board of Directors	August 29, 2023	August 31, 2023	Announcement of the resolutions of the 4 th meeting of the 6 th Board of Directors (Announcement No.: 2023-063)
5 th meeting of the 6 th Board of Directors	October 24, 2023	October 25, 2023	The Third Quarter Report 2023 was adopted.
6 th meeting of the 6 th Board of Directors	December 28, 2023	December 30, 2023	Announcement of the resolutions of the 6 th meeting of the 6 th Board of Directors (Announcement No.: 2023-073)

2. Attendance of the directors at meetings of the Board of Directors and general meetings

Attendance of the directors at meetings of the Board of Directors and general meetings							
Director	No. of board meetings attended during the	No. of board meetings present in person	No. of board meetings present by means of	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board	No. of general meeting attended

	reporting period		communication equipment			meetings	
YUAN Yonggang	11	3	8	0	0	No	4
YUAN Yongfeng	11	6	5	0	0	No	4
ZHAO Xiutian	11	1	10	0	0	No	4
SHAN Jianbin	11	6	5	0	0	No	4
MAO Xiaoyan	11	6	5	0	0	No	4
WANG Xu	11	6	5	0	0	No	4
WANG Zhangzhong	11	1	10	0	0	No	4
SONG Liguang	11	1	10	0	0	No	4
GAO Yongru	11	1	10	0	0	No	4

Reason for absence from two consecutive board meetings: None.

3. Objections raised by the directors regarding matters of the Company

Whether any director has raised any objection regarding matters of the Company?

☐ Yes ☒ No

No director has raised any objection regarding matters of the Company during the reporting period.

4. Other information regarding the performance of duties by the directors

Whether the suggestions put forward by the directors have been adopted by the Company?

☒ Yes ☐ No

Explanation of the adoption or rejection by the Company of the suggestions put forward by the directors:

During the reporting period, no director has raised any objection to our matters.

VII. Activities of the Committees of the Board of Directors during the Reporting Period

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties
Audit Committee	GAO Yongru, WANG Zhangzhong and YUAN Yonggang (SHAN Jianbin before June 6, 2023)	9	March 15, 2023	Considered the Proposal for Provision of Guarantee by the Company for the Financing Obtained by its Subsidiaries from Banks and other Financial Institutions.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			April 19, 2023	Considered the Summary of Internal Audit in 2022 and the Audit Plan 2023, the Annual Report 2022 and Summary of the Report, the Annual Financial Report 2022, the 2022 Profit Distribution Proposal, the Proposal for Re-engagement of the Auditor for 2023, the 2022 Self-assessment Report on Internal Controls, the 2022 Special Report on the Deposit and Use of Offering Proceeds, the Proposal Regarding Application for Facilities from Banks and other Financial Institutions in 2023, the Proposal Regarding External Guarantees, the Proposal Regarding External Investments, the Proposal Regarding Completion of Certain Committed Investment Projects and Permanent Replenishment of Working Capital with Surplus Offering Funds, the Proposal Regarding Extension of Certain Committed Investment Projects, and the Proposal Regarding Changes in Accounting Policies.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	The Audit Committee has actively communicated with the auditor of our annual report, to effectively supervise the conduct of the annual audit of the Company.
			April 24, 2023	Considered the First Quarter Report 2023.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			May 25, 2023	Considered the Proposal Regarding the Report on the Application of the Previous Offering Proceeds.	The relevant proposals were approved and submitted to the Board of Directors for	

					consideration.	
			June 6, 2023	Considered the Proposal for the Appointment of the Audit Manager of the Company.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			June 12, 2023	Considered the Proposal for Temporary Replenishment of Working Capital with the Idle Offering Proceeds.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			August 29, 2023	Considered the Semi-annual Report 2023 and Summary of the Report, and the Special Report on the Deposit and Use of Offering Proceeds in the First Half of 2023.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			October 24, 2023	Considered the Third Quarter Report 2023.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			December 28, 2023	Considered the Proposal Regarding Commodity Futures Hedging Transactions, the Feasibility Report on Commodity Futures Hedging Transactions, the Proposal Regarding Foreign Exchange Hedging Transactions, the Feasibility Report on Foreign Exchange Hedging Transactions, and the Proposal for Amending the AOA and its Exhibits.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
Strategy Committee	YUAN Yonggang, WANG Zhangzhong, SONG Ligu, GAO Yongru and SHAN Jianbin	5	April 3, 2023	Considered the Proposal Regarding the Repurchase of the Company's Shares and the Proposal Regarding External Investments.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			April 19, 2023	Considered the Proposal Regarding External Investments.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			May 25, 2023	Considered the Proposal Regarding the Company's Qualification for Offering Convertible Corporate Bonds to Unspecified Investors, the Proposal for Offering by the Company of Convertible Corporate Bonds to Unspecified Investors, the Proposal Regarding the Plan on Offering by the Company of Convertible Corporate Bonds to Unspecified Investors, the Proposal Regarding the Feasibility Report on the Offering by the Company of Convertible Corporate Bonds to Unspecified Investors, the Proposal Regarding the Feasibility Report on the Application of Proceeds from the Offering by the Company of Convertible Corporate Bonds to Unspecified Investors, the Proposal Regarding the Report on the Application of the Previous Offering Proceeds, the Proposal Regarding the Dilution of Current Earnings Caused by the Offering by the Company of Convertible Corporate Bonds to Unspecified Investors, Corresponding Remedial Measures, and Covenants Made by the Relevant Persons, the Proposal Regarding the Rules of Meetings of Convertible Corporate Bond Holders, the Proposal Regarding the Three-year Plan for Returns to Shareholders (2024-2026), and the Proposal for Requesting the General Meeting of Shareholders to Authorize the Board of Directors and its Authorized Personnel to Handle the Affairs Related to the Offering of Convertible Corporate Bonds to Unspecified Investors.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			July 7, 2023	Considered the Proposal Regarding Investment in MFLEX Suzhou and Other Wholly-owned Subsidiaries.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
			December 28, 2023	Considered Proposal Regarding Repurchase of the Company's Shares.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
Nomination Committee	WANG Zhangzhong, SONG Ligu, YUAN Yonggang, YUAN	2	April 19, 2023	Considered the Proposal Regarding the Election of the Non-independent Directors of the 6 th Board of Directors, and the Proposal Regarding the Election of Independent Directors of the 6 th Board of Directors.	The relevant proposal was approved and submitted to the	

	Yongfeng and GAO Yongru				Board of Directors for consideration.	
			June 6, 2023	Considered the Proposal Regarding the Election of the Chairman and Vice Chairman of the 6 th Board of Directors, the Proposal Regarding the Appointment of Senior Executives of the Company, and the Proposal Regarding the Appointment of the Audit Manager of the Company.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	
Compensation and Appraisal Committee	SONG Liguu, WANG Zhangzhong, GAO Yongru, YUAN Yonggang and YUAN Yongfeng	1	April 19, 2023	Considered the Proposal Regarding the Remunerations of the Directors and Senior Executives of the Company in 2023.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	

VIII. Activities of the Board of Supervisors

Whether the Board of Supervisors has identified any risk involving the Company in its supervisory activities during the reporting period?

☐ Yes ☒ No

The Board of Supervisors has not raised any objection to the supervisory matters during the reporting period.

IX. Employees

1. Number, structure of profession and education of employees

Number of current employees of the parent at the end of the reporting period	1,848
Number of current employees of the major subsidiaries at the end of the reporting period	20,710
Total number of current employees at the end of the reporting period	22,558
Total number of salaried employees during the reporting period	22,558
Total number of retired employees to or for whom the parent and the major subsidiaries are obligated to make payments	0
Structure of profession	
Categories of profession	Number of employees
Production staff	16,413
Sales staff	412
Technical staff	4,148
Financial staff	140
Administrative staff	495
Management staff	950
Total	22,558
Education	
Degree of education	Number of employees
PhD	3
Master	155
Undergraduate	2,923
College	4,375
Below college	15,102
Total	22,558

2. Compensation policies

We advocate the creation of values, and give priority to high-performance teams and individuals in compensation and incentives.

We have sound compensation and incentive policies in place, which are designed to attract and retain outstanding technical and

management talents with competitive compensation, and give long-acting incentives to our employees through the combination of short-, medium- and long-term incentives taking into account our overall operating results and the employees' performance, in order to enhance our core competencies.

3. Training programs

We actively recruit, seek and train talents, and make efforts to build an efficient and systemic talent training system, to continuously improve our employees' comprehensive capabilities; conduct capability improvement and training programs in various forms focusing on cadre fostering, management of engineers and other professional personnel and building of talent pools, to improve our employees' professional quality, skills and management capabilities; actively provide our employees with learning and growth opportunities, encourage them to strive for progress, and build talent pools, to promote the achievement of our strategic objectives.

4. Outsourced workers

☐ Applicable ☒ N/A

X. Profit Distribution and Transfer of Capital Reserve to the Share Capital

Establishment, implementation or adjustment of profit distribution policy, in particular, cash dividend policy, during the reporting period:

☒ Applicable ☐ N/A

We attach great importance to the return to our shareholders. In order to maintain a continuous and stable profit distribution policy, pursuant to the *Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by the Listed Companies*, the AOA and other relevant provisions, we have developed the Three-year Plan for Return to Shareholders (2022-2024), which sets forth the specific principles and plans for return to shareholders. During the reporting period, we developed the 2023 Profit Distribution Proposal taking into account our actual business situations and development plans, and the needs to ensure normal business operation and long-term development.

Special explanation about the cash dividend policy	
Whether or not comply with the provisions of the articles of association or requirements of resolutions of the general meeting of the Company?	Yes
Whether the standard and ratio of cash dividend distribution are clear and definite?	Yes
Whether the relevant decision-making processes and mechanisms are sound?	Yes
Whether the independent directors have performed their duties and exercised their functions?	Yes
If the Company has not distributed cash dividends, explain the reason, and describe the measures to be taken in order to increase the returns to investors in the future:	N/A
Whether the minority shareholders have sufficient opportunities to express their opinions and requests and their legitimate rights and interests are fully protected?	Yes
Whether the conditions and procedures in respect of any adjustment or amendment of the cash dividend policy comply with the applicable regulations and are transparent?	Yes

Whether the Company has made a profit in the current period and the parent has profits available for distribution to the shareholders, but the Company does not propose to distribute cash dividends?

☐ Applicable ☒ N/A

Particulars of profit distribution and transfer of capital reserve to the share capital for the reporting period:

☒ Applicable ☐ N/A

Number of bonus shares per 10 shares	0
Amount of cash dividends per 10 shares (inclusive of tax)	2.5
Share capital based on which the distribution proposal was made	1,701,276,209.00
Amount of cash dividends (inclusive of tax)	425,319,052.25
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00
Total amount of cash dividends (RMB)	425,319,052.25
Distributable profit (RMB)	482,854,237.57
Ratio of total cash dividends to the distributable profit	100%
Particulars of cash dividends distributed for the reporting period	
If we are at the growth stage and have certain material capital expenditure arrangements, at least 20% of the distributable profit will be distributed in cash.	
Particulars of the proposal of profit distribution or for transfer of capital reserve to share capital	
Our 2023 Profit Distribution Proposal is as follows: to distribute to all shareholders a cash dividend of RMB2.50 (inclusive of tax) per 10 shares on the basis of the total share capital of 1,701,276,209 shares (excluding treasury shares), or RMB425,319,052.25 in total, without distribution of any bonus shares or transfer of any capital reserve to the share capital. (Note: As of the date of this Report, we had a total share capital of 1,709,867,327 shares, of which, 8,591,118 shares held in the dedicated securities account for repurchase would not participate in the profit distribution.)	

XI. Share Incentive Plans, Employee Stock Ownership Plans or Other Employee Incentives

☒ Applicable ☐ N/A

1. Share incentives

We have not granted any share incentive during the reporting period.

Share incentives granted to directors and senior executives:

☐ Applicable ☒ N/A

Performance appraisal and incentives in respect of senior executives: N/A.

2. Employee stock ownership plans (ESOPs)

☒ Applicable ☐ N/A

Effective ESOPs in the current period:

Scope of employees	No. of employees	Total shares held	Changes	% of total share capital	Source of funds
Certain directors, supervisors and senior executives of the Company, and mid- and high-level officers and key employees at the level of director or above who do full-time jobs for, receive salaries from and have valid employment contracts with the Company or its controlled subsidiaries (2021 ESOP) ¹	119	21,914,118	None	1.28%	Legal remunerations of the employees, self-raised funds or otherwise permitted by the applicable laws and administrative regulations
Certain key officers and technical personnel of the Company or its controlled subsidiaries, excluding directors, supervisors and senior executives of the Company (2022 ESOP for key officers and technical personnel) ²	308	1,366,120	None	0.08%	Legal remunerations of the employees, self-raised funds or otherwise permitted by the applicable laws and administrative regulations
Certain employees who do full-time jobs for, receive salaries from and have valid employment contracts with the Company or its controlled subsidiaries, excluding directors, supervisors and senior executives of the Company (2022 second ESOP) ³	366	4,847,178	None	0.28%	Legal remunerations of the employees, self-raised funds or otherwise permitted by the applicable laws and administrative regulations

Note: 1. As of February 24, 2023, the shares held under the 2021 ESOP were sold and the 2021 ESOP was terminated.

2. As of the date of this Report, The vesting period for the 2022 ESOP for key officers and technical personnel has expired, under which, the first installment of shares, representing 50% of the total shares granted thereunder were already vested, and the second installment of shares, representing 50% of the total shares granted thereunder, has entered the vesting period.

3. As of the date of this Report, the 2022 second ESOP was still within the lock-up period.

Shares held by the directors, supervisors and senior executives under the ESOPs during the reporting period:

Name	Title	Opening balance of shares held	Closing balance of	% of total
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		(share)	shares held (share)	share capital
SHAN Jianbin	Director & Executive President	1,753,128	0	0.00%
WANG Xu	Director, Deputy General Manager & CFO	1,314,846	0	0.00%
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	525,938	0	0.00%
MA Liqiang	Chairman of the Board of Supervisors	525,938	0	0.00%
JI Yachun	Supervisor	525,938	0	0.00%
HUANG Yongxin	Supervisor	525,938	0	0.00%

Changes in asset manager during the reporting period:

☐ Applicable ☒ N/A

Changes in equity due to disposal of shares by the holders or otherwise during the reporting period:

☐ Applicable ☒ N/A

Exercise of shareholder rights during the reporting period: None.

Other information related to the ESOPs during the reporting period and the relevant explanation:

☐ Applicable ☒ N/A

Changes in the members of the ESOP management committee during the reporting period:

☐ Applicable ☒ N/A

The financial effect of the ESOPs on the Listed Company during the reporting period and the relevant accounting treatment:

☐ Applicable ☒ N/A

Termination of the ESOPs during the reporting period:

☐ Applicable ☒ N/A

Other information:

1. During the reporting period, our directors, supervisors and senior executives only held shares under the 2021 ESOP, and did not participate in any other ESOP.
2. As of February 24, 2023, the shares held under the 2021 ESOP were sold and the 2021 ESOP terminated.

XII. Establishment and Implementation of Internal Controls during the Reporting Period

1. Establishment and implementation of internal controls

Pursuant to the requirements of the *Company Law*, the *Basic Internal Control Standards for Enterprises* and the relevant guidelines, we have established a sound internal control system according to our actual situations and needs of management. During the reporting period, we have continuously improved the internal control system, carried out internal control self-assessment, and identified deficiencies in internal control, risks and hazards, to further improve the effectiveness of our internal controls.

According to the assessment of material weakness in internal control over financial reporting, as of the reference date for the assessment report on internal controls, there's no material weakness in our internal control over financial reporting. We have maintained effective internal control over financial reporting in all material respects pursuant to the requirements of the *Basic Internal Control Standards for Enterprises* and other relevant provisions. According to the assessment of material weakness in internal control over non-financial reporting, as of the reference date for the assessment report on internal controls, there's no material weakness in our internal control over non-financial reporting.

2. Material weaknesses in internal controls identified during the reporting period

☐ Yes ☒ No

XIII. Management and Control of Subsidiaries during the Reporting Period**XIV. Assessment Report on Internal Controls or Auditor's Report on Internal Controls****1. Assessment report on internal controls**

Disclosure date of the full copy of the assessment report on internal controls	April 18, 2024	
Full copy of the assessment report on internal controls available at	http://www.cninfo.com.cn	
Ratio of total assets of the entities covered by the assessment to total assets recorded in the consolidated financial statements of the Company	100.00%	
Ratio of total operating revenue of the entities covered by the assessment to total operating revenue recorded in the consolidated financial statements of the Company	100.00%	
Criteria for determination of deficiencies		
Type	Financial reporting	Non-financial reporting
Qualitative criteria	Indicators of material weaknesses in internal control over financial reporting include: (i) any fraud on the part of directors, supervisors and senior executives of the Company; (ii) any correction of a financial report already disclosed; (iii) any material misstatement in the financial report for the current period that was found by the public certified accountants but failed to be identified through internal controls; and (iv) ineffective supervision by the Audit Committee and the Internal Audit Department of the Company over the financial reports disclosed externally or internal control over financial reporting. Indicators of significant deficiencies in internal control over financial reporting include: (i) failure to correctly select and apply accounting policies pursuant to the generally accepted accounting principles; (ii) failure to establish anti-fraud procedures and controls; (iii) failure to establish or implement controls over the accounting treatment of extraordinary or special transactions, and failure to establish corresponding compensatory controls; and (iv) one or more deficiencies existing in control over the preparation of financial report at the end of the period, and inability to reasonably ensure the truthfulness and completeness of the financial statements. General deficiencies in internal control over financial reporting include deficiencies in control other than material weakness and significant deficiency.	Indicators of material weaknesses in internal control over non-financial reporting include: (i) any violation of the applicable laws, regulations or normative documents of the country; (ii) unscientific procedure in making any major decision; (iii) absence of any regulations which may result in systemic failure; (iv) failure to rectify any material weakness or significant deficiency; and (v) any other circumstance that has a material adverse effect on the Company. Other deficiencies are classified as significant or general deficiencies depending on the degree of effect.

Quantitative criteria	Material weakness: amount of misstatement $\geq 0.5\%$ of the operating revenue; significant deficiency: 0.3% of the operating revenue $\leq$ amount of misstatement $< 0.5\%$ of the operating revenue; general deficiency: amount of misstatement $< 0.3\%$ of the operating revenue.	Material weakness: direct loss $> 0.5\%$ of the total assets; significant deficiency: 0.2% of the total asset $<$ direct loss $\leq 0.5\%$ of the total asset; general deficiency: direct loss $\leq 0.2\%$ of the total asset.
Number of material weaknesses in financial reporting		0
Number of material weaknesses in non-financial reporting		0
Number of significant deficiencies in financial reporting		0
Number of significant deficiencies in non-financial reporting		0

2. Auditor's report on internal controls

☒ Applicable ☐ N/A

Auditor's opinion expressed in the auditor's report on internal controls	
In our opinion, DSBJ has maintained effective internal control over financial reporting in all material respects as of December 31, 2023 in accordance with the <i>Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 1 – Code of Operations for Companies Listed on the Main Board</i> (Shen Zheng Shang [2023] No. 1145).	
Disclosure of the auditor's report on internal controls	Disclosed
Disclosure date of the full copy of the auditor's report on internal controls	April 18, 2023
Full copy of the auditor's report on internal controls available at	http://www.cninfo.com.cn
Type of opinion expressed in the auditor's report on internal controls	Standard unqualified opinion
Whether there's any material weakness in non-financial reporting	No

Whether the accounting firm issued a modified auditor's report on internal controls?

☐ Yes ☒ No

Whether the auditor's report on internal controls issued by the accounting firm is consistent with the opinion expressed in the self-assessment report of the Board of Directors?

☒ Yes ☐ No

XV. Rectification of Non-Compliance Found in the Special Self-Examination of Corporate Governance of the Listed Company

N/A

Section V Environmental and Social Responsibilities

I. Material Environmental Issues

Whether the Listed Company and its subsidiaries have been identified as major polluters by the environmental protection authorities?

☒ Yes ☐ No

Policies and industrial standards related to environmental protection:

During the reporting period, we and our subsidiaries identified as major polluters have strictly complied with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Noise Pollution*, the *Law of the People's Republic of China on Prevention and Control of Soil Pollution*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and other laws and regulations related to environmental protection, and implemented the *Emission Standard for Odor Pollutants* (GB14554-93), the *Integrated Emission Standard for Air Pollutants* (DB32/4041-2021), the *Emission Standard of Air Pollutants for Boilers* (GB13271-2014), the *Emission Standard of Air Pollutants for Industrial Furnaces and Kilns* (DB32/3728-2021), the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2001), the *Emission Standard for Pollutants from Electroplating* (GB21900-2008), the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008), the *Standard for Fugitive Emission of Volatile Organic Compounds* (GB37822-2019), the *Discharge Standard of Water Pollutants for Electronic Industry* (GB39731-2021), the *Integrated Wastewater Discharge Standard* (GB8978-1996), the *Wastewater Quality Standards for Discharge to Municipal Sewers* (GB/T31962-2015), the *Standard for Pollution Control on the Non-Hazardous Industrial Solid Waste Storage and Landfill* (GB18599-2020) and other national and industrial standards related to environmental protection.

Environmental Permits of the Company

Environmental permits held by the Company and its subsidiaries identified as major polluters during the reporting period:

Company name	No.	Validity period
Suzhou Dongshan Precision Manufacturing Co., Ltd.	91320500703719732P001U	From January 15, 2023 to January 14, 2028
Multek Technologies (Zhuhai) Co., Ltd.	914404007718663989001X	From November 28, 2022 to November 27, 2027
Multek Industries Limited	91440400714732019J001W	From August 17, 2023 to August 16, 2028
Multek Zhuhai Limited	9144040061749918XX001Y	From April 12, 2022 to April 11, 2027
Multek China Limited	914404006182559377001W	From December 20, 2021 to December 19, 2026
Suzhou Chengjia Precision Manufacturing Co., Ltd.	913205065754151948001X	From April 8, 2020 to April 7, 2025
Suzhou Yongchuang Metal Science and Technology Co., Ltd.	9132050675271409XG001U	From December 14, 2022 to December 13, 2027
Yancheng Dongshan Precision Manufacturing Co., Ltd.	91320903MA1P7PG85D001X	From October 8, 2023 to October 7, 2028
MFLEX Yancheng Co., Ltd.	91320903MA1P7PLE6D001T	From October 8, 2023 to October 7, 2028
MFLEX Suzhou Co., Ltd.	91320500738277671B001V	From August 14, 2023 to August 13, 2028
MFLEX Suzhou Co., Ltd.	91320500738277671B002U	From January 31, 2022 to January 30, 2027
Suzhou JDI Electronics Inc.	913205056082373800001C	From June 27, 2022 to June 26, 2027

Industrial discharge standards and the pollutants discharged in our production and operating activities:

Company name	Category of main pollutants and specific pollutants	Description of main pollutants and specific pollutants	Method of discharge	No. of discharge outlets	Location of discharge outlets	Pollutant concentration	Applicable pollutant discharge standard	Total volume discharged	Approved total volume dischargeable	Excessive discharge
Multek Industries, Multek Electronics and Multek Technologies	Wastewater from the general discharge outlet	COD	Continuous discharge	1	Within factory boundary	15.75mg/L	160mg/L	41t	242.36t	No
Multek Industries,	Wastewater from the	Ammonia nitrogen	Continuous discharge	1	Within factory	2.42 mg/L	30mg/L	5.19t	45.44t	No

Multek Electronics and Multek Technologies	general discharge outlet				boundary					
Multek Industries, Multek Electronics and Multek Technologies	Wastewater from the general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	13.57 mg/L	40mg/L	29.46t	60.59t	No
Multek Industries, Multek Electronics and Multek Technologies	Wastewater from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0.1 mg/L	0.5mg/L	0.0026t	0.055t	No
Multek Zhuhai	Wastewater from the general discharge outlet	COD	Continuous discharge	1	Within factory boundary	14.75mg/L	160mg/L	3.28t	33.643t	No
Multek Zhuhai	Wastewater from the general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	1.82 mg/L	30mg/L	0.385t	6.308t	No
Multek Zhuhai	Wastewater from the general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	6.56 mg/L	40mg/L	1.44t	28.6748t	No
Multek Zhuhai	Wastewater from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0 mg/L	0.5mg/L	0t	0.358t	No
Multek China	Wastewater from the general discharge outlet	COD	Continuous discharge	1	Within factory boundary	25.547mg/L	160mg/L	11.13t	216.372t	No
Multek China	Wastewater from the general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	10.797mg/L	30mg/L	4.6t	40.5697t	No
Multek China	Wastewater from the general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	19.21mg/L	40mg/L	7.71t	54.093t	No
Multek China	Wastewater from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0.0122mg/L	0.5mg/L	0.000068t	1.3523t	No
Multek China	Wastewater from Class I waste discharge outlet	Total silver	Intermittent discharge	1	Within factory boundary	0.0067mg/L	0.1mg/L	0.0000127t	0.270465t	No
Yongchuang Tech	Waste gas	Particles	Continuous discharge	1	Southwest of the factory	4.6mg/m ³	20 mg/m ³	0.336057	/	No
Yongchuang Tech	Waste gas	Nitrogen oxide	Continuous discharge	1	Southwest of the factory	4mg/m ³	180 mg/m ³	0.292225	/	No
Yongchuang Tech	Waste gas	Sulfur dioxide	Continuous discharge	1	Southwest of the factory	6mg/m ³	80 mg/m ³	0.438337	/	No
Suzhou Chengjia	Waste gas	NmHc	Organized discharge	1	East of the roof of factory buildings	1.98 mg/m ³	120 mg/m ³	0.021	0.18	No
Yancheng Dongshan	Wastewater	COD	Indirect discharge	1	General wastewater discharge outlet at the southeast of the factory	32.57mg/L	500mg/L	4.783526t	232.467t	No
Yancheng Dongshan	Wastewater	Ammonia nitrogen	Indirect discharge	1	General wastewater discharge outlet at the southeast of the factory	5.66mg/L	35mg/L	0.562892t	14.058t	No
Yancheng Dongshan	Wastewater	Total phosphorus	Indirect discharge	1	General wastewater discharge outlet at the southeast of the factory	0.36mg/L	3.5mg/L	0.083336t	1.743t	No
Yancheng Dongshan	Wastewater	Total nitrogen	Indirect discharge	1	General wastewater discharge	18.99mg/L	40mg/L	1.871285t	19.054t	No

					outlet at the southeast of the factory					
Yancheng Dongshan	Wastewater	Total silver	Indirect discharge	1	General wastewater discharge outlet at the southeast of the factory	0.0082mg/L	0.3mg/L	0.000527t	0.022t	No
Yancheng Dongshan	Wastewater	Total nickel	Indirect discharge	1	General wastewater discharge outlet at the southeast of the factory	0.091mg/L	0.5mg/L	0.000637t	0.033t	No
Yancheng Dongshan	Waste gas	VOCs	Organized discharge	5	Roof of buildings 4# and 5#	1.2 mg/m3	60mg/m3	0.625t	12.04t	No
MFLEX Yancheng	Wastewater	Total nitrogen	Indirect discharge	1	General discharge outlet at east of the factory	18.5mg/L	40mg/L	14.88t	84.183t	No
MFLEX Yancheng	Wastewater	Ammonia nitrogen	Indirect discharge	1	General discharge outlet at east of the factory	12.1mg/L	35mg/L	4.29t	75.729t	No
MFLEX Yancheng	Wastewater	COD	Indirect discharge	1	General discharge outlet at east of the factory	28mg/L	500mg/L	33.57t	844.263t	No
MFLEX Yancheng	Wastewater	Total phosphorus	Indirect discharge	1	General discharge outlet at east of the factory	0.14mg/L	3.5mg/L	0.472t	7.744t	No
MFLEX Yancheng	Wastewater	Nickel	Indirect discharge	1	General discharge outlet at east of the factory	0.01mg/L	0.5mg/L	0.019t	0.085t	No
MFLEX Suzhou	Wastewater from the general discharge outlet	COD	Continuous discharge	1	Within factory boundary	50.232mg/L	500mg/L	73.744t	471.035t	No
MFLEX Suzhou	Wastewater from the general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	1.046mg/L	25mg/L	1.535t	26.020t	No
MFLEX Suzhou	Wastewater from the general discharge outlet	Total copper	Continuous discharge	1	Within factory boundary	0.018mg/L	2.0mg/L	0.026t	0.9405t	No
MFLEX Suzhou	Wastewater from Class I waste discharge outlet	Total nickel	Continuous discharge	1	Within factory boundary	ND	0.5mg/L	/	0.057t	No
MFLEX Suzhou	Wastewater from the general discharge outlet	COD	Continuous discharge	1	Within factory boundary	18mg/L	500mg/L	2.111t	92.893t	No
MFLEX Suzhou	Wastewater from the general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	6.05mg/L	30mg/L	0.709t	7.963t	No

Treatment of pollutants

With respect to the wastewater, waste gas, solid wastes and other wastes generated during our production, we have a complete set of pollution treatment facilities in place, which are operated and maintained by ourselves or the service providers engaged by us. We designate special personnel to monitor the operation of equipment and discharge of pollutants, and maintain and repair the equipment and facilities on a regular basis, to ensure the discharge and disposal of all kinds of pollutants in accordance with the applicable standards and regulations, and minimize the environmental impact of our production. During the reporting period, our discharge of pollutants complied with the applicable standards and regulations.

Environmental self-monitoring plans

We have developed environmental self-monitoring plans in accordance with the applicable laws and regulations, and installed automatic monitoring equipment or engaged qualified third-party inspection institutions to monitor the wastewater, waste gas,

noise and other pollutants on a regular basis. During the reporting period, the results of our environmental monitoring complied with the applicable standards and regulations.

Environmental emergency response plans

We have developed environmental emergency response plans in accordance with the National Environmental Emergency Response Plan, filed the same with the local environmental protection authority, and carried out exercises on a regular basis, to improve our capability to respond to environmental emergencies, and reduce harm to the environment and impact on the society.

Expenditures on environmental governance and protection, and payment of environmental protection tax

We have made continuous investments in environmental governance and protection, regularly maintained the waste gas, wastewater and solid waste treatment and other environmental protection facilities to ensure their effective operation, and discharge of all kinds of pollutants in conformity with the applicable standards, and promote our sustainable development.

Measures taken for reducing carbon emission during the reporting period and their effect:

☒ Applicable ☐ N/A

Refer to our Social Responsibility Report 2023 disclosed on www.cninfo.com.cn.

Environment-related administrative penalties the Company has been subject to during the reporting period: N/A.

Other environmental information that should be disclosed: N/A.

Refer to our Social Responsibility Report 2023 disclosed on www.cninfo.com.cn for other information related to environmental protection.

II. Social Responsibility

Refer to our Social Responsibility Report 2023 disclosed on www.cninfo.com.cn.

III. Consolidating and Expanding the Result of Poverty Alleviation and Rural Revitalization

Refer to our Social Responsibility Report 2023 disclosed on www.cninfo.com.cn.

Section VI Significant Matters

I. Fulfillment of Covenants

1. Covenants made by the actual controllers, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties that have been fulfilled during the reporting period or have not yet been completely fulfilled as of the end of the reporting period

☒ Applicable ☐ N/A

Background of covenant	Covenantor	Type of covenant	Content of covenant	Time of covenant	Validity period of the covenant	Status of fulfillment
Covenant relating to initial public offering or subsequent fundraisings	YUAN Yongfeng and YUAN Yonggang	Covenants related to restrictions on the sale of shares	Each of the shareholders YUAN Yongfeng and YUAN Yonggang, as director and senior executive of the Company, covenants that so long as I remain a director and senior executive of the Company, I will not transfer more than 25% of the total shares held by me in the Company each year; and if I cease to be a director and senior executive of the Company, I will not transfer any shares held by me in the Company within half a year, and will not transfer more than 50% of the total shares held by me in the Company through the stock exchange within 12 months thereafter.	April 9, 2010	Permanently binding	As of the end of the reporting period, the covenants have complied with such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to horizontal competition: Each of the shareholders YUAN Yongfeng and YUAN Yonggang covenants that I will not, directly or indirectly, engage in any business in competition with the business actually conducted by the Company.	April 9, 2010	Permanently binding	As of the end of the reporting period, the covenants have complied with such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to horizontal competition: Each of the shareholders YUAN Yongfeng and YUAN Yonggang covenants that after the completion of this material asset restructuring, I will not, directly or through any affiliate, participate or engage in any business that substantially competes or might compete with the business of the Company; and if any product manufactured or business conducted by any entity wholly owned, controlled or invested by me in the future competes or might compete with the Company, at the request of the Company, I will transfer all of the investment or shares held by me in such entity, give priority to the Company or its wholly-owned subsidiary in the acquisition of such investment or shares subject to the applicable laws and regulations, and use my best efforts to procure that the transfer price will be determined on an arm length's basis; and if I or any of my affiliates breaches any covenant set forth above, I will indemnify the Company and other shareholders for the damages arising therefrom according to law.	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenants have complied with such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to the regulation and reduction of related-party transactions: Each of the shareholders YUAN Yongfeng, YUAN Yonggang and YUAN Fugen covenants that: (i) I and my affiliates will avoid and reduce related-party transactions with the Company to the maximum extent practicable; (ii) with respect to the related-party transactions that are unavoidable or necessary, I will abide by the principle of	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenants have complied with such covenants.

			justice, fairness and openness, enter into the relevant agreements according to law, perform the legal procedures pursuant to the applicable laws, regulations, normative documents, the Articles of Association and other relevant provisions of the Company, ensure that such related-party transactions are fair, comply with the regulations, and will not damage the legitimate rights and interests of the Company and other shareholders, and make the relevant information disclosures promptly in accordance with the requirements of the applicable laws, regulations and normative documents; and (iii) I will exercise the shareholder rights in strict accordance with the Company Law and other the applicable laws and regulations, and the relevant provisions of the Articles of Association of the Company, and abstain from the voting on the related-party transactions involving me and other entities controlled by me at the general meeting of the Company in accordance with the relevant provisions.			
	YUAN Yongfeng, YUAN Yonggang, ZHAO Xiutian, SHAN Jianbin, WANG Xu, MAO Xiaoyan and MA Liqiang	Other covenants	Covenant regarding the remedial measures against dilution of current earnings caused by the private placement: Each of the directors and senior executives of the Company covenants that: (i) I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company; (ii) I will exercise self-discipline in consumption in performing my duties; (iii) I will not use the assets of the Company to engage in any investment or consumption activities not in connection with my duties; (iv) I will link the compensation system adopted by the Board of Directors or the Compensation Committee with the implementation of the Company's remedial measures against dilution of current earnings; (v) if the Company implements any share incentive plan in the future, I will link the vesting conditions under such share incentive plan with the implementation of the Company's remedial measures against dilution of current earnings; and (vi) I will seriously implement the Company's remedial measures against dilution of current earnings, and abide by the relevant covenants made by me; and if I breach any covenant set forth above, I will indemnify the Company and other shareholders for the losses arising therefrom according to law, and accept the punishments that the competent regulatory authorities may impose on me.	October 10, 2019	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Other covenants	Covenant regarding the remedial measures against dilution of current earnings caused by the private placement: Each of the controlling shareholders and actual controllers of the Company covenants that I will not interfere with the management and operation of the Company beyond my powers, or infringe on the interest of the Company; and as the person responsible for the serious implementation of the remedial measures against dilution of current earnings, if I breach or refuse to fulfill any covenant set forth above, I will assume the relevant liabilities according to law.	October 17, 2019	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Other covenants	To ensure the effective implementation of the remedial measures against dilution of earnings to be taken by the Company, each of the controlling shareholders and actual controllers of the Company covenants that: (i) I will not interfere with the management and operation of the Company beyond my	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			powers, or infringe on the interest of the Company; (ii) from the date of this Letter of Undertaking till the completion of this offering, in case of any new regulatory provisions promulgated by the SCRC, the SZSE or other competent securities authorities regarding the remedial measures against dilution of earnings and related covenants, as a result of which the covenants set forth above no longer comply with such new provisions, I will make additional covenants in accordance with such new provisions; and (iii) I will seriously implement the remedial measures against dilution of earnings adopted by the Company and fulfill my covenants in connection therewith, and if I breach or refuse to fulfill any covenant set forth above, accept the penalties or other regulatory actions that may be imposed or taken by the SCRC, the SZSE or other competent securities authorities against me, and indemnify the Company or the investors for the losses arising therefrom according to law.			
	YUAN Yongfeng, YUAN Yonggang, ZHAO Xiutian, SHAN Jianbin, WANG Xu and MAO Xiaoyan	Other covenants	To ensure the effective implementation of the remedial measures against dilution of earnings to be taken by the Company, each of the directors and senior executives of the Company covenants that: (i) I will not transfer benefits to any other entity or individual without compensation or on unfair terms, or otherwise damage the interest of the Company; (ii) I will exercise self-discipline in consumption in performing my duties; (iii) I will not use the assets of the Company to engage in any investment or consumption activities not in connection with my duties; (iv) I will link the compensation system adopted by the Board of Directors or the Compensation Committee with the implementation of the Company's remedial measures against dilution of current earnings; (v) if the Company implements any share incentive plan in the future, I will link the vesting conditions under such share incentive plan with the implementation of the Company's remedial measures against dilution of current earnings; (vi) from the date of this Letter of Undertaking till the completion of this offering, in case of any new regulatory provisions promulgated by the SCRC, the SZSE or other competent securities authorities regarding the remedial measures against dilution of earnings and related covenants, as a result of which the covenants set forth above no longer comply with such new provisions, I will make additional covenants in accordance with such new provisions; and (vii) I will seriously implement the remedial measures against dilution of earnings adopted by the Company and fulfill my covenants in connection therewith, and if I breach or refuse to fulfill any covenant set forth above, accept the penalties or other regulatory actions that may be imposed or taken by the SCRC, the SZSE or other competent securities authorities against me, and indemnify the Company or the investors for the losses arising therefrom according to law.	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
Whether the covenants have been fulfilled on time	Yes					
If any covenant fails to be fulfilled on time,	N/A					

please explain the reason and the relevant actions to be taken in detail	
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2. If the Company has made any profit forecast on its assets or project and the reporting period falls within the period of such profit forecast, explanation about whether the goal has been achieved and the related reasons

☐ Applicable ☒ N/A

II. Occupation by the Controlling Shareholders and their Affiliates of the Funds of the Company for Non-Operating Purpose

☐ Applicable ☒ N/A

Our controlling shareholders and their affiliates have not occupied our funds for non-operating purposes during the reporting period.

III. External Guarantees in Violation of the Regulations

☐ Applicable ☒ N/A

We have not provided any external guarantee in violation of the applicable regulations during the reporting period.

IV. Explanation by the Board of Directors about the Most Recent Modified Auditor's Report

☐ Applicable ☒ N/A

V. Explanation by the Board of Directors, the Board of Supervisors and the Independent Directors (if any) about the Modified Auditor's Report Issued by the Accounting Firm for the Reporting Period

☐ Applicable ☒ N/A

VI. Changes in the Accounting Policies and Accounting Estimates Compared with the Financial Report for the Previous Year or Correction of Material Accounting Errors

☐ Applicable ☒ N/A

During the reporting period, there wasn't any change in the accounting policies or accounting estimates, or correction of material accounting errors.

VII. Explanation of Changes in the Scope of Consolidation Compared with the Financial Report for the Previous Year

☒ Applicable ☐ N/A

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Registered capital	Ratio of capital contribution
Aranda	Acquisition	February 1, 2023		100.00%
Suzhou JDI Electronics Inc.	Acquisition	February 1, 2023	RMB1,043,692,731	100.00%
Suzhou Dongdi Holding Limited	Established	February 13, 2023	RMB10,000,000	100.00%
Hong Kong Dongdi Holding Limited	Established	July 28, 2023	HKD10,000	100.00%
Multek Zhuhai Enterprise Management Co., LTD	Established	April 27, 2023	RMB1,000,000	100.00%
Multi-Fineline Electronics (Thailand) Co., Ltd.	Established	June 30, 2023	USD50,000,000	100.00%

2. Subsidiaries removed from the scope of consolidation

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal (RMB)	Net profit from January 1, 2023 to the date of disposal (RMB)
Zhuhai Dii Information Technology Consulting Co., Ltd.	Deregistration	September 7, 2023		
Hainan Chengjia Technology Consulting Co., Ltd.	Deregistration	November 1, 2023	-206,048.28	12,320,966.42
Suzhou Yuanshi Electronic Technology Co., Ltd.	Deregistration	August 4, 2023	-12,592,979.40	-468,295.88
DSBJ Norway AS	Deregistration	December 27, 2023	345,205.52	18,211,422.23

VIII. Engagement and Termination of Engagement of Accounting Firm

Accounting firm currently engaged:

Name of domestic accounting firm	Pan-China Certified Public Accountants LLP
Remuneration of domestic accounting firm (in RMB0'000)	240
Consecutive years in which the domestic accounting firm has provided auditing service	13
Certified public accountants of the domestic accounting firm	ZHANG Yang and FU Zhenlong
Consecutive years in which the certified public accountants of the domestic accounting firm have provided auditing service	2, 2
Name of foreign accounting firm (if any)	N/A
Remuneration of foreign accounting firm (if any) (in RMB0'000)	0
Consecutive years in which the foreign accounting firm (if any) has provided auditing service	N/A
Certified public accountants of the foreign accounting firm (if any)	N/A
Consecutive years in which the certified public accountants of the foreign accounting firm (if any) have provided auditing service	N/A

Whether a new accounting firm was engaged during the reporting period?

☐ Yes ☒ No

Engagement of accounting firm for auditing internal controls, financial advisor or sponsor:

☒ Applicable ☐ N/A

During the reporting period, we engaged Pan-China Certified Public Accountants LLP as the auditor of internal controls, responsible for the audit of our internal controls in 2023.

IX. Risk of Delisting after Disclosure of the Annual Report☐ Applicable ☒ N/A

X. Matters Relating to Bankruptcy and Reorganization

☐ Applicable ☒ N/A

We have not been involved in any bankruptcy or reorganization proceedings during the reporting period.

XI. Material Litigations and Arbitrations

☐ Applicable ☒ N/A

We have not been involved in any material litigation or arbitration proceedings during the reporting period.

XII. Punishments and Rectifications

☐ Applicable ☒ N/A

We have not been involved in any punishment and rectification during the reporting period.

XIII. Credit Standing of the Company and its Controlling Shareholders and Actual Controllers

☐ Applicable ☒ N/A

XIV. Material Related-party Transactions**1. Related-party transactions relating to day-to-day operation**

☐ Applicable ☒ N/A

There has been no related-party transaction relating to day-to-day operation during the reporting period.

2. Related-party transactions involving the acquisition or sale of assets or equities

☐ Applicable ☒ N/A

There has been no related-party transaction involving the acquisition or sale of assets or equities during the reporting period.

3. Related-party transactions involving joint external investment

☐ Applicable ☒ N/A

There has been no related-party transaction involving joint external investment during the reporting period.

4. Debts owed by and to related parties

☐ Applicable ☒ N/A

There has been no debt owed by or to related parties during the reporting period.

5. Dealings with affiliated financial companies

☐ Applicable ☒ N/A

There has been no deposit, loan, facility or other financial business between us and any of our affiliated financial companies.

6. Dealings with financial companies controlled by the Company and its affiliates

☐ Applicable ☒ N/A

There has been no deposit, loan, facility or other financial business between any of our controlled financial companies and affiliates.

7. Other material related-party transactions

☐ Applicable ☒ N/A

There has been no other material related-party transaction during the reporting period.

XV. Particulars and Performance of Material Contracts

1. Trusteeship, contracting and leases

(1) Trusteeship

☐ Applicable ☒ N/A

No such case during the reporting period.

(2) Contracting

☐ Applicable ☒ N/A

No such case during the reporting period.

(3) Leases

☐ Applicable ☒ N/A

No such case during the reporting period.

2. Material guarantees

☒ Applicable ☐ N/A

In RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those provided for the subsidiaries)										
Obligor	Disclosure date of announcement of the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if applicable)	Counter guarantee (if applicable)	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Suzhou Toprun Electric Equipment Co., Ltd.	April 20, 2023	3,000		2,500				18 months	No	Yes
Suzhou LEGATE Intelligent Equipment Corp., Ltd.	April 20, 2023	3,000								
Shanghai Fu Shan Precision Manufacturing Co., Ltd.	April 20, 2023	3,000		3,000				18 months	No	Yes
Total amount of external guarantee approved during the reporting period (A1)		9,000		Total amount of external guarantee actually provided during the reporting period (A2)		8,000				
Total amount of external guarantee approved as at the end of the reporting period (A3)		9,000		Total amount of external guarantee actually provided as at the end of the reporting period (A4)		5,500				
Guarantees provided by the Company for its subsidiaries										
Obligor	Disclosure date of announcement of the maximum amount guaranteed	Maximum amount guaranteed	Effective date of the guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if applicable)	Counter guarantee (if applicable)	Term of guarantee	Whether or not expired	Whether or not provided for a related

										party
Dragon Holdings and its controlled subsidiaries	April 20, 2023	280,000		228,862.81				18 months	No	No
Hong Kong Dongshan Holding	April 20, 2023	60,000								
Yancheng Dongshan	April 20, 2023	150,000		83,385.08				18 months	No	No
Multek Group and its controlled subsidiaries	April 20, 2023	150,000		48,000.89				18 months	No	No
Mutto Optronics	April 20, 2023	100,000		31,210.94				18 months	No	No
Yongchuang Tech	April 20, 2023	80,000		32,589.46				18 months	No	No
Chaowei Microelectronics (Yancheng) Co., Ltd.	April 20, 2023	80,000		20,000						
Shanghai Dongxin New Energy Technology Co., Ltd.	April 20, 2023	40,000								
Yancheng Dongshan Communication Technology Co., Ltd.	April 20, 2023	30,000		5,100				18 months	No	No
RF Top Electronic	April 20, 2023	30,000		1,411.88				18 months	No	No
Hong Kong Dongshan	April 20, 2023	10,000								No
Suzhou Chengjia Precision Manufacturing Co., Ltd.	April 20, 2023	8,000		4,554.95				18 months	No	No
Suzhou Dongbo Precision Manufacturing Co., Ltd.	April 20, 2023	3,000		200				18 months	No	No
Suzhou Dongyue New Energy Technology Co., Ltd.	April 20, 2023	20,000							No	No
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	April 20, 2023	50,000		46,278.42				18 months	No	No
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)		1,091,000		Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)		873,399.48				
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3)		1,091,000		Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (B4)		501,594.43				
Guarantees provided by subsidiaries for each other										
Obligor	Disclosure date of announcement of the maximum amount guaranteed	Maximum amount guaranteed	Effective date of the guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if applicable)	Counter guarantee (if applicable)	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (C1)		0		Total amount of guarantee actually provided for subsidiaries during the reporting period (C2)		0				
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (C3)		0		Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (C4)		0				
Total amount of guarantee provided by the Company										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		1,100,000		Total amount of guarantee actually provided during the reporting period (A2+B2+C2)		881,399.48				
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		1,100,000		Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4)		507,094.43				
Ratio of the total amount of guarantee actually provided (A4+B4+C4) to the net assets of the Company				27.95%						
Where:										
Outstanding guarantees provided for shareholders, actual controllers and their affiliates (D)				5,500						
Outstanding guarantees directly or indirectly provided for obligors whose debt-to-assets ratio exceeds 70% (E)				432,581.66						
Portion of the total amount of guarantee in excess of 50% of the net assets (F)				0						

Total (D+E+F)	432,581.66
Explanation about the joint and several liability that have been or might be incurred in respect of outstanding guarantees during the reporting period (if any)	N/A
Explanation about external guarantees provided in contravention of the established procedures (if any)	N/A

3. Entrusted management of cash assets

(1) Entrusted wealth management

☒ Applicable ☐ N/A

Particulars of entrusted wealth management during the reporting period:

In RMB0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount	Impairment loss recognized for overdue wealth management products
Bank wealth management product	Self-owned funds	244,779.79	1,674.49	0	0
Total		244,779.79	1,674.49	0	0

High-risk entrusted wealth management products that are significant individually, illiquid or not principal protected:

☐ Applicable ☒ N/A

Entrusted wealth management products the principal of which may be unrecoverable or which may otherwise be impaired:

☐ Applicable ☒ N/A

(2) Entrusted loans

☐ Applicable ☒ N/A

No such case during the reporting period.

4. Other material contracts

☐ Applicable ☒ N/A

We have not entered into any other material contract during the reporting period.

XVI. Other significant Matters

☐ Applicable ☒ N/A

There's no other significant matter needing to be explained for the reporting period.

XVII. Significant Matters of Subsidiaries

☐ Applicable ☒ N/A

Section VII Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Shares

	Before the change		+/-					After the change	
	Number	%	New shares	Bonus shares	Capitalization of capital reserves	Others	Subtotal	Number	%
I. Non-tradable shares	319,591,987	18.69%						319,591,987	18.69%
1. Shares held by the State									
2. Shares held by State-owned corporations									
3. Shares held by other domestic investors	319,591,987	18.69%						319,591,987	18.69%
Incl.: Shares held by domestic non-State-owned corporations									
Shares held by domestic natural persons	319,591,987	18.69%						319,591,987	18.69%
4. Shares held by foreign investors									
Incl.: Shares held by foreign corporations									
Shares held by foreign natural persons									
II. Tradable shares	1,390,275,340	81.31%						1,390,275,340	81.31%
1. RMB-denominated ordinary shares	1,390,275,340	81.31%						1,390,275,340	81.31%
2. Foreign currency-denominated shares listed domestically									
3. Foreign currency-denominated shares listed overseas									
4. Others									
III. Total shares	1,709,867,327	100.00%						1,709,867,327	100.00%

2. Changes in non-tradable shares

☐ Applicable ☒ N/A

II. Offering and Listing of Securities

1. Offering of securities (other than preferred shares) during the reporting period

☐ Applicable ☒ N/A

2. Changes in the total number of shares, shareholding structure, and structure of assets and liabilities of the Company

☐ Applicable ☒ N/A

3. Outstanding employee shares

☐ Applicable ☒ N/A

III. Shareholders and Actual Controllers

1. Number of shareholders and shareholding structure of the Company

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period	91,686	Total number of ordinary shareholders at the end of the month	107,091	Total number of preferred shareholders whose voting rights had been	0	Total number of preferred shareholders whose voting rights had been restituted at the end of the month immediately preceding the disclosure date of this annual report (if any)	0
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		immediately preceding the disclosure date of this annual report		restituted at the end of the reporting period (if any) (Note 8)		(Note 8)		
Shareholding by shareholders holding more than 5% of the shares or top 10 shareholders (excluding the shares lent via refinancing)								
Name of shareholder	Status of shareholder	Shareholding percentage	No. of shares held at the end of the reporting period	Changes in shareholding during the reporting period	No. of non-tradable shares held	No. of tradable shares held	Pledge, attachment or freeze	
							Status of shares	Number
YUAN Yongfeng	Domestic natural person	13.01%	222,388,153	0	166,791,115	55,597,038	Pledged	109,600,000
YUAN Yonggang	Domestic natural person	11.83%	202,226,196	0	151,669,647	50,556,549	Pledged	90,790,000
Hong Kong Securities Clearing Company Limited	Foreign corporation	3.86%	66,012,602	5,346,736	0	66,012,602	N/A	0
YUAN Fugen	Domestic natural person	3.44%	58,796,052	0	0	58,796,052	N/A	0
Schroder Investment Management (Hong Kong) Limited- Schroder Global Fund Series Chinese A-shares (Exchange)	Others	1.30%	22,181,428	22,181,428	0	22,181,428	N/A	0
China Everbright Bank - Aegon-Industrial Business Model Selection Hybrid Securities Investment Fund (LOF)	Others	1.10%	18,856,074	18,856,074	0	18,856,074	N/A	0
Industrial Bank - Aegon-Industrial New Vision Flexible Allocation, Periodic Opening Hybrid Sponsored Securities Investment Fund	Others	1.03%	17,657,030	17,657,030	0	17,657,030	N/A	0
Taikang Life Insurance – Traditional – General Insurance Product -019L-CT001 Shenzhen	Others	0.90%	15,473,215	518,500	0	15,473,215	N/A	0
China Merchants Bank – Ruiyuan Growth Value Hybrid Securities Investment Fund	Others	0.89%	15,295,548	15,295,548	0	15,295,548	N/A	0
Ping An Anying Stock-oriented Pension Product – Bank of China	Others	0.88%	15,012,151	4,104,654	0	15,012,151	N/A	0
Strategic investors or general corporations becoming top 10 shareholders as a result of rights issue (if any) (Note 3)	N/A							
Affiliates or concert parties among the shareholders listed above	Among the shareholders listed above, YUAN Yonggang and YUAN Yongfeng are sons of YUAN Fugen, and YUAN Yongfeng is the elder brother of YUAN Yonggang. YUAN Fugen, YUAN Yongfeng and YUAN Yonggang are our actual controllers. We are not aware whether there are affiliates or concert parties within the meaning of the <i>Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders</i> among other shareholders listed above.							
Delegation or waiver of voting rights or ownership of voting rights by or to the shareholders listed above	N/A							
Special explanation about any dedicated account for repurchase opened by any top 10 shareholder (if any) (Note 10)	N/A							
Shareholding by the top 10 holders of tradable shares								
Name of shareholder	Number of tradable shares held at the end of the reporting period					Type and number of shares		
						Type	Number	
Hong Kong Securities Clearing Company Limited	66,012,602					RMB-denominated ordinary share	66,012,602	
YUAN Fugen	58,796,052					RMB-denominated ordinary share	58,796,052	
YUAN Yongfeng	55,597,038					RMB-denominated ordinary share	55,597,038	
YUAN Yonggang	50,556,549					RMB-denominated ordinary share	50,556,549	
Schroder Investment Management (Hong Kong) Limited- Schroder Global Fund Series Chinese A-shares (Exchange)	22,181,428					RMB-denominated ordinary share	22,181,428	
China Everbright Bank - Aegon-Industrial Business Model Selection Hybrid Securities Investment Fund (LOF)	18,856,074					RMB-denominated ordinary share	18,856,074	
Industrial Bank - Aegon-Industrial New Vision Flexible Allocation, Periodic Opening Hybrid Sponsored Securities Investment Fund	17,657,030					RMB-denominated ordinary share	17,657,030	
Taikang Life Insurance – Traditional – General Insurance Product -019L-CT001 Shenzhen	15,473,215					RMB-denominated ordinary share	15,473,215	
China Merchants Bank – Ruiyuan Growth Value Hybrid Securities Investment Fund	15,295,548					RMB-denominated ordinary share	15,295,548	
Ping An Anying Stock-oriented Pension Product – Bank of China	15,012,151					RMB-denominated ordinary share	15,012,151	
Affiliates or concert parties among the top 10 holders of tradable ordinary shares, and among the top 10 holders of tradable ordinary shares and top 10	Among the shareholders listed above, YUAN Yonggang and YUAN Yongfeng are sons of YUAN Fugen, and YUAN Yongfeng is the elder brother of YUAN Yonggang. YUAN Fugen, YUAN Yongfeng and YUAN Yonggang are our actual controllers. We are not aware whether there are affiliates or concert parties within the meaning of the <i>Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders</i> among other shareholders listed above.							

ordinary shareholders	
Securities margin trading conducted by top 10 ordinary shareholders (if any) (Note 4)	N/A

Share lending by top 10 shareholders via refinancing:

☐ Applicable ☒ N/A

Changes in top 10 shareholders compared to the previous period:

☒ Applicable ☐ N/A

Unit: Shares

Changes in top 10 shareholders compared to the end of the previous period					
Full name of shareholder	New or withdrawn in the current period	Number of outstanding shares lent via refinancing at the end of the current period		Number of shares held in ordinary account and margin trading account and outstanding shares lent via refinancing at the end of the current period	
		Total number	% of total share capital	Total number	% of total share capital
Schroder Investment Management (Hong Kong) Limited-Schroder Global Fund Series Chinese A-shares (Exchange)	New	0	0.00%	22,181,428	1.30%
China Everbright Bank - Aegon-Industrial Business Model Selection Hybrid Securities Investment Fund (LOF)	New	0	0.00%	18,856,074	1.10%
Industrial Bank - Aegon-Industrial New Vision Flexible Allocation, Periodic Opening Hybrid Sponsored Securities Investment Fund	New	0	0.00%	17,657,030	1.03%
Taikang Life Insurance – Traditional – General Insurance Product -019L-CT001 Shenzhen	New	0	0.00%	15,473,215	0.90%
China Merchants Bank – Ruiyuan Growth Value Hybrid Securities Investment Fund	New	0	0.00%	15,295,548	0.89%
Ping An Anying Stock-oriented Pension Product – Bank of China	New	0	0.00%	15,012,151	0.88%
Industrial and Commercial Bank of China Limited – GF Multi-factor Flexible Commingled Securities Investment Fund	Withdrawn	0	0.00%	0	0.00%
Shaanxi International Trust Co., Ltd. – SITI-DSBJ ESOP Collective Trust Plan II	Withdrawn	0	0.00%	0	0.00%
Pension Fund Portfolio 15022	Withdrawn	0	0.00%	11,900,000	0.70%
Zhangjiagang Industrial Capital Investment Co., Ltd.	Withdrawn	0	0.00%	10,998,700	0.64%
Pension Fund Portfolio 1204	Withdrawn	0	0.00%	2,548,100	0.15%
GF Fund Management Co., Ltd. Social Security Fund Portfolio 402	Withdrawn	0	0.00%	9,799,012	0.57%

No top 10 ordinary shareholder or top 10 holders of tradable ordinary shares has conducted any transaction under the repurchase agreement during the reporting period.

2. Controlling shareholders of the Company

Nature of controlling shareholders: Natural persons.

Type of controlling shareholders: Natural persons.

Name of controlling shareholder	Nationality	Whether or not having obtained residency in any other country or region
YUAN Yongfeng	China	No
YUAN Yonggang	China	Yes
YUAN Fugen	China	No
Main occupation and title	YUAN Yonggang is our Chairman, YUAN Yongfeng is our director and General Manager, and YUAN Fugen is our senior advisor.	
Shares held in other domestic or foreign listed companies controlled or invested by the controlling shareholders during the reporting period	(1) YUAN Yonggang holds 23.94% shares in Anhui Landun Photoelectron Co., Ltd. (stock short name: Landun Photoelectron; stock code: 300862) directly, and Anhui Gaoxin Jintong Anyi Venture Capital Fund II (L.P.), which is jointly controlled by YUAN Yonggang and his wife WANG Wenjuan, holds 7.45% in Landun Photoelectron, so YUAN Yonggang and his wife WANG Wenjuan hold 31.39% shares of Landun Photoelectron in aggregate and are its actual controllers. (2) YUAN Yonggang and his wife WANG Wenjuan hold 95% shares of Shenzhen Qinghai Rongyao Capital Management Co., Ltd. ("Rongyao Capital") through Jintong Zhihui Investment Management Co., Ltd. (an investment company operated and managed by a professional management team, whose investment capital was primarily raised from the public), and Rongyao Capital is the Managing Partner of Hefei Rongxin Equity Investment Fund Partnership (L.P.) ("Hefei Rongxin"). On November 21, 2019, Hefei Rongxin became the controlling shareholder of Anhui Anfu Battery Technology Co., Ltd. (stock short name: Anfu Technology; stock code: 603031). At present, Hefei Rongxin holds 22.41% shares of Anfu Technology together with its concert parties, and is the controlling shareholder of Anfu Technology, so YUAN Yonggang and his wife WANG Wenjuan are actual controllers of Anfu Technology.	

Change in the controlling shareholders during the reporting period:

☐ Applicable ☒ N/A

There has been no change in our controlling shareholders during the reporting period.

3. Actual controllers of the Company and their concerted parties

Nature of actual controllers: Natural persons.

Type of actual controllers: Natural persons.

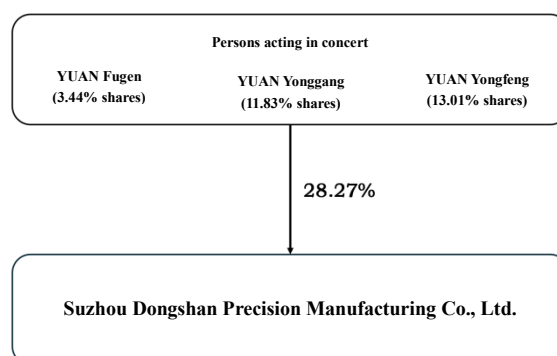
Name of the actual controller	Relationship with the actual controller	Nationality	Whether or not having obtained residency in any other country or region
YUAN Yongfeng	Himself	China	No
YUAN Yonggang	Himself	China	Yes
YUAN Fugen	Himself	China	No
Main occupation and title	See “III. Shareholders and Actual Controllers – 2. Controlling shareholders of the Company” above.		
Domestic or foreign listed companies that have been controlled by the actual controllers in the past 10 years	See “III. Shareholders and Actual Controllers – 2. Controlling shareholder of the Company” above.		

Change in the actual controllers during the reporting period:

☐ Applicable ☒ N/A

There has been no change in our actual controllers during the reporting period.

Diagram of ownership and control relationship between the Company and its actual controllers:



4. Whether the controlling shareholder or largest shareholder of the Company and its concert parties have pledged more than 80% of shares held by them in the Company in aggregate?

☐ Applicable ☒ N/A

5. Other corporate shareholders owning over 10% of shares in the Company

☐ Applicable ☒ N/A

6. Restrictions on the sale of shares by the controlling shareholder, actual controller, parties involved in restructuring, and other covenants

☐ Applicable ☒ N/A

IV. Share Repurchases Effected during the Reporting Period

Progress of share repurchases

☒ Applicable ☐ N/A

Disclosure date of the repurchase plan	Number of shares proposed to be repurchased (share)	% of total share capital	Amount of shares proposed to be repurchased (in RMB0'000)	Proposed period of repurchase	Use of shares repurchased	Number of shares already repurchased
April 27, 2022	4,545,500-9,090,900	0.27%-0.53%	10,000-20,000	12 months following the date that the share repurchase plan was approved by the Board of Directors	Implementation of ESOP or share incentives	3,048,700

Progress of sale or repurchase of shares by aggregate auction:

☒ Applicable ☐ N/A

1. As of April 4, 2023, we repurchased 3,048,700 shares in total by aggregate auction through the dedicated securities account for repurchase, representing 0.18% of our total share capital.
2. As our stock fared well on the secondary market and stock prices continuously exceeded the upper price limit for repurchase, and the window for share repurchase was limited due to the restriction period in respect of annual report or otherwise, and the expiration of the share repurchase plan on April 25, 2023, through careful consideration, we decided to terminate the share repurchase plan, which termination of was approved at the 2nd extraordinary general meeting of shareholders in 2023. Please refer to the relevant announcement disclosed on www.cninfo.com.cn, and our designated newspapers for information disclosure.

Section VIII Preferred Shares

☐ Applicable ☒ N/A

We did not have any preferred share during the reporting period.

Section IX Bonds

☐ Applicable ☒ N/A

Section X Financial Report

I. Financial Report

Audit opinion	Standard unqualified opinion
Signing date of the auditor's report	April 16, 2024
Auditor	Pan-China Certified Public Accountants LLP
Document number of the auditor's report	PCCPA Audit [2024] No. 5-24
Name of certified public accountants	ZHANG Yang and FU Zhenlong

Text

Auditor's Report

PCCPA Audit [2024] No. 5-24

To shareholders of Suzhou Dongshan Precision Manufacturing Co., Ltd.,

I. Opinion

We have audited the financial statements of Suzhou Dongshan Precision Manufacturing Co., Ltd. (the "Company"), which comprise the consolidated and standalone balance sheets as of December 31, 2023, consolidated and standalone income statements, consolidated and standalone cash flow statements, and consolidated and standalone statements of changes in owners' equity for the year ended December 31, 2023, and notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and standalone financial positions of the Company as of December 31, 2023 and its consolidated and standalone results of operations and cash flows for the year ended December 31, 2023 in accordance with the *Accounting Standards for Business Enterprises* (the "CASBEs").

II. Basis for opinion

We conducted our audit in accordance with the *Auditing Standards for Certified Public Accountants of China*. Our responsibilities under those standards are further described in "Responsibilities of the certified public accountants for the audit of the financial statements" below. We are independent of the Company in accordance with the *Code of Ethics for Certified Public Accountants of China*, and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue recognition

1. Description

See Notes III(XXV) and V(II)1 to the financial statements for details.

The operating revenue of the Company was primarily generated from the sale of PCBs, LED display devices, touch panels and LCMs, precision components and other products, which amounted to RMB33,651,205,500 in 2023.

Since operating revenue is a key performance indicator of the Company, and there is an inherent risk that the management of the Company (the “Management”) may attempt to achieve the specific objectives or expectations through improper revenue recognition, we identified revenue recognition as a critical audit matter.

2. Audit response

Our audit procedures related to revenue recognition included the following, among others:

- (1) Obtained an understanding of the key internal controls related to revenue recognition, assessed the design of such controls, determined whether such controls have been implemented, and tested the effectiveness of the relevant internal controls;
- (2) Examined the sales contracts, obtained an understanding of the main contract terms and conditions, and assessed the appropriateness of the method of revenue recognition;
- (3) With respect to the revenue from domestic sales, examined on a sample basis the sales contracts, sales invoices, delivery orders, delivery notes and other supporting documents related; with respect to the revenue from export, obtained the relevant information from the China Electronic Port, checked the same against the book records kept by the Company, and examined on a sample basis the sales contracts, sales invoices, delivery orders, export declaration forms, bills of lading and other supporting documents;
- (4) Analyzed the operating revenues and gross margin by month, product and customer, identified major or abnormal fluctuations, and found out the causes;
- (5) With respect to accounts receivable confirmation, selected sampled items to confirm the sales amounts via confirmation letters;
- (6) Conducted cut-off tests on the operating revenues recognized around the balance sheet date to check whether the operating revenues were recognized in the proper period; and
- (7) Examined whether the information related to operating revenues has been properly presented in the financial statements.

(II) Impairment of accounts receivable

1. Description

See Notes III(XI), III(XII) and V(I)4 to the financial statements for details.

As of December 31, 2023, the Company’s book balance of accounts receivable was RMB8,194,146,400, allowance for doubtful accounts was RMB480,981,700, and carrying value of accounts receivable was RMB7,713,164,800.

The Management measures the lifetime expected credit losses on accounts receivable and contract assets individually or collectively according to their credit risk characteristics, and recognizes an equal amount as allowance for impairment losses. Due to the significant amount of accounts receivable and contract assets, and the impairment of accounts receivable involves significant management judgment, we identified impairment of accounts receivable and contract assets as a critical audit matter.

2. Audit response

Our audit procedures related to impairment of accounts receivable included the following, among others:

- (1) Obtained an understanding of the key internal controls related to impairment of accounts receivable, assessed the design of such controls, determined whether such controls have been implemented, and tested the effectiveness of the relevant internal controls;
- (2) With respect to the allowance for doubtful accounts estimated by the Management in prior years, reviewed the relevant

results or subsequent re-estimates made by the Management;

(3) Reviewed the considerations and objective evidence used by the Management in assessing the credit risk of accounts receivable, and assessed whether the Management has properly identified the credit risk characteristics of all accounts receivable;

(4) With respect to the accounts receivable and contract assets assessed individually, reviewed the estimated future cash flows forecast by the Management, assessed the appropriateness of the material assumptions and the appropriateness, relevance and reliability of the data used in such forecasts, and checked the same against the external evidence available;

(5) With respect to the accounts receivable and contract assets assessed collectively, assessed the reasonableness of grouping by the Management according to credit risk characteristics, and the reasonableness of the expected credit loss ratios determined by the Management, including the appropriateness of the material assumptions and the appropriateness, relevance and reliability of the data used by the Management, and tested the accuracy of the allowance for doubtful accounts and for impairment loss calculated by the Management;

(6) Examined the confirmation requests and subsequent recovery in respect of accounts receivable, to assess the reasonableness of the allowance for impairment loss on accounts receivable recognized by the Management; and

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

(III) Goodwill impairment

1. Description

See Notes III(XX) and V(I)18 to the financial statements for details.

As of December 31, 2023, the Company's original value of goodwill was RMB2,289,543,600, allowance for goodwill impairment was RMB80,344,100, and carrying value of goodwill was RMB 2,209,199,500.

The Management assesses the goodwill for impairment together with the relevant asset group or combination of asset groups, whose recoverable amount is determined according to the present value of its estimated future cash flows. Due to the significant amount of goodwill, and the goodwill impairment assessment involving significant management judgment, we identified goodwill impairment as a critical audit matter.

2. Audit response

Our audit procedures related to goodwill impairment included the following, among others:

(1) Obtained an understanding of the key internal controls related to goodwill impairment, assessed the design of such controls, determined whether they have been executed, and tested the effectiveness of such internal controls;

(2) With respect to the present value of future cash flows estimated by the Management in prior years, reviewed the relevant results or subsequent re-estimates made by the Management;

(3) Inquired about and assessed the competencies, professional quality and objectivity of the external appraisers engaged by the Management;

(4) Assessed the appropriateness and consistency of the approaches adopted by the Management in impairment tests;

(5) Assessed the appropriateness of the material assumptions used by the Management in impairment tests and whether the relevant assumptions were consistent with the overall economic environment, industrial conditions, operating situations, historical experience, business plans, approved budgets, and other assumptions used by the Management in relation to the financial statements;

(6) Tested the appropriateness, relevance and reliability of the data used by the Management in impairment tests and reviewed the consistency of inputs in impairment tests;

- (7) Tested the accuracy of the calculation of the estimated present value of future cash flows by the Management; and
- (8) Examined whether the information related to goodwill impairment has been properly presented in the financial statements.

IV. Other information

The Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our Auditor's Report.

Our opinion in the financial statements does not cover the other information, and we will not express any form of assurance conclusions thereon.

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

If we conclude that there is a material misstatement therein, we are required to communicate such matter. We have nothing to report in this regard.

V. Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the CASBE, and the design, implementation and maintenance of internal controls that are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing (as applicable) matters relating to going concerned, and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the Company are responsible for overseeing the financial reporting process of the Company.

VI. Responsibilities of the Certified Public Accountants for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management;
- (IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the audit standards to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company, to express an opinion in the financial statements. We are responsible for the direction, supervision and performance of the audit of the Group, and solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the critical audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Pan-China Certified Public Accountants LLP
Hangzhou, China

Certified Public Accountant of China (Engagement Partner): ZHANG Yang
Certified Public Accountant of China: FU Zhenlong

Date: April 16, 2024

II. Financial statements

The amounts in the statements contained in the notes to the financial statements are presented in RMB.

1. Consolidated balance sheet

Prepared by: Suzhou Dongshan Precision Manufacturing Co., Ltd.

December 31, 2023

In RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash and bank balances	7,190,036,231.06	7,131,202,817.72
Settlement deposit		
Loans to banks and other financial institutions		
Financial assets held for trading	146,141,371.77	575,783,803.93
Derivative financial assets		
Notes receivable	3,407,623.49	48,401,430.82
Accounts receivable	7,713,164,772.05	7,006,411,466.74
Accounts receivable financing	290,477,095.22	644,057,382.41
Advances to suppliers	79,782,739.11	161,512,824.53
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	77,134,897.39	35,793,851.22
Incl.: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	6,293,879,276.54	6,165,738,409.09
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	651,719,745.68	504,573,874.64
Total current assets	22,445,743,752.31	22,273,475,861.10
Non-current assets:		
Loans and advances to clients		
Debt investments		
Other debt investments		
Long-term receivable	30,000,000.00	30,000,000.00
Long-term equity investments	155,406,879.89	139,767,215.41
Investments in other equity instruments	278,157,110.00	171,322,110.00
Other non-current financial assets		
Investment properties	1,038,840.26	1,296,551.42
Fixed assets	12,415,251,689.80	10,673,700,468.47
Construction in progress	1,842,525,188.54	1,813,183,815.67
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,252,668,050.83	951,068,254.01
Intangible assets	863,692,421.74	302,589,719.92
Development expenses		
Goodwill	2,209,199,500.98	2,191,939,940.60
Long-term deferred expenses	866,872,191.21	501,517,044.33
Deferred tax assets	1,078,140,428.38	880,233,046.10
Other non-current assets	933,022,974.34	872,512,776.58

Total non-current assets	21,925,975,275.97	18,529,130,942.51
Total assets	44,371,719,028.28	40,802,606,803.61
Current liabilities:		
Short-term borrowings	5,156,100,217.01	7,794,409,944.68
Borrowings from Central Bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading	104,174,076.23	91,517,116.89
Derivative financial liabilities		
Notes payable	909,171,215.93	2,008,405,860.19
Accounts payable	8,039,107,176.52	5,986,286,590.32
Advances from clients		
Contract liabilities	28,982,676.07	26,193,456.12
Financial assets sold under repurchase agreements		
Deposits from clients and other banks		
Funds received as stock broker		
Funds received as underwriter of securities		
Employee benefits payable	553,178,980.68	500,125,315.30
Taxes payable	475,576,206.83	412,289,780.94
Other payables	80,188,628.54	54,324,601.72
Incl.: Interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,496,716,906.35	1,189,744,866.13
Other current liabilities	6,556,017.38	4,476,657.36
Total current liabilities	17,849,752,101.54	18,067,774,189.65
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	4,706,280,338.76	3,197,821,643.49
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	1,842,799,193.80	1,647,319,046.20
Long-term payables	296,995,789.48	
Long-term employee benefits payable		
Provisions	60,785,210.44	69,202,183.16
Deferred income	733,456,685.17	747,587,634.12
Deferred tax liabilities	691,293,111.83	647,343,610.25
Other non-current liabilities		
Total non-current liabilities	8,331,610,329.48	6,309,274,117.22
Total liabilities	26,181,362,431.02	24,377,048,306.87
Owners' equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	8,063,768,409.73	8,054,894,080.77
Less: Treasury shares	125,906,811.33	125,906,811.33
Other comprehensive income	-714,664,578.64	-692,976,005.21
Special reserve		
Surplus reserve	184,866,869.73	135,347,835.10
General risk reserve		
Retained profits	9,025,095,529.05	7,297,404,445.02
Total owners' equity attributable to the parent company	18,143,026,745.54	16,378,630,871.35
Minority interests	47,329,851.72	46,927,625.39

Total owners' equity	18,190,356,597.26	16,425,558,496.74
Total liabilities and owners' equity	44,371,719,028.28	40,802,606,803.61

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

2. Standalone balance sheet

In RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash and bank balances	1,121,824,500.79	1,412,679,165.36
Financial assets held for trading		5,339,600.00
Derivative financial assets		
Notes receivable	182,944.04	561,448.01
Accounts receivable	2,084,703,275.22	1,941,106,338.87
Accounts receivable financing	16,445,639.29	12,405,985.23
Advances to suppliers	264,702,649.93	398,743,645.61
Other receivables	5,252,635,539.56	3,245,530,947.12
Incl.: Interest receivable		
Dividends receivable	2,203,111,413.70	1,210,095,256.90
Inventories	1,299,182,931.81	1,009,877,418.76
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	50,271,463.84	95,208,426.22
Total current assets	10,089,948,944.48	8,121,452,975.18
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	30,000,000.00	30,000,000.00
Long-term equity investments	9,466,303,266.56	7,580,547,437.18
Investments in other equity instruments	171,322,110.00	171,322,110.00
Other non-current financial assets		
Investment properties		
Fixed assets	1,292,621,445.22	1,224,723,019.96
Construction in progress	237,324,474.45	482,015,287.67
Productive biological assets		
Oil and gas assets		
Right-of-use assets	4,566,101.24	6,523,001.84
Intangible assets	61,083,591.40	61,782,911.44
Development expenses		
Goodwill		
Long-term deferred expenses	87,384,070.37	156,467,709.39
Deferred tax assets	189,735,608.41	190,241,689.38
Other non-current assets	163,595,104.57	110,280,926.88
Total non-current assets	11,703,935,772.22	10,013,904,093.74
Total assets	21,793,884,716.70	18,135,357,068.92
Current liabilities:		
Short-term borrowings	2,911,521,728.06	3,239,724,817.50
Financial liabilities held for trading		
Derivative financial assets		
Notes payable	449,069,523.81	1,433,148,316.04
Accounts payable	1,326,777,885.36	725,307,838.44
Advances from clients		
Contract liabilities	11,196,344.94	261,978,225.55
Employee benefits payable	53,045,775.35	36,013,112.32
Taxes payable	3,260,417.40	2,676,526.20

Other payables	3,680,367,551.64	1,527,486,936.57
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	834,828,298.62	216,525,360.27
Other current liabilities	3,373,087.29	2,052,903.93
Total current liabilities	9,273,440,612.47	7,444,914,036.82
Non-current liabilities:		
Long-term borrowings	2,405,437,622.23	1,106,033,055.55
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	2,741,061.12	4,746,572.24
Long-term payables	226,168,789.48	
Long-term employee benefits payable		
Provisions	1,852,066.56	3,414,342.70
Deferred income	19,403,333.49	22,333,333.41
Deferred tax liabilities	920,551.61	2,214,274.41
Other non-current liabilities		
Total non-current liabilities	2,656,523,424.49	1,138,741,578.31
Total liabilities	11,929,964,036.96	8,583,655,615.13
Owners' equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	7,962,239,056.77	7,953,356,366.17
Less: Treasury shares	125,906,811.33	125,906,811.33
Other comprehensive income	-350,000,000.00	-345,461,340.00
Special reserve		
Surplus reserve	184,866,869.73	135,347,835.10
Retained profits	482,854,237.57	224,498,076.85
Total owners' equity	9,863,920,679.74	9,551,701,453.79
Total liabilities and owners' equity	21,793,884,716.70	18,135,357,068.92

3. Consolidated income statement

In RMB

Item	2023	2022
I. Total operating revenue	33,651,205,468.80	31,580,146,732.58
Incl.: Operating revenue	33,651,205,468.80	31,580,146,732.58
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	31,334,350,168.82	28,434,705,720.60
Incl.: Operating costs	28,541,641,042.74	26,020,679,333.24
Interest expenses		
Fee and commission expenses		
Surrenders		
Net payments for insurance claims		
Net insurance claim reserves		
Policyholder dividends		
Reinsurance expenses		
Taxes and surcharges	122,969,094.29	105,651,890.50
Selling expenses	362,094,101.76	352,993,453.50
Administrative expenses	957,323,918.86	815,662,486.89

Research and development expenses	1,161,190,274.48	940,085,451.98
Financial expenses	189,131,736.69	199,633,104.49
Incl.: Interest expenses	463,688,943.50	302,704,601.47
Interest income	225,593,949.55	42,128,725.22
Add: Other income	249,881,956.51	318,574,095.64
Investment income (loss expressed with "-")	4,158,524.35	-922,388.82
Incl.: Investment income from associates and joint ventures	-10,820,910.91	-3,353,804.37
Gain on derecognition of financial assets at amortized cost		
Exchange gain (loss expressed with "-")		
Net exposure hedging income (loss expressed with "-")		
Gain on changes in fair value (loss expressed with "-")	-9,740,779.67	-66,613,459.50
Credit loss (loss expressed with "-")	-39,436,689.63	-76,228,643.25
Impairment loss on assets (loss expressed with "-")	-438,676,762.78	-468,204,563.83
Gain on disposal of assets (loss expressed with "-")	-18,240,640.06	-5,513,221.27
III. Operating profit (loss expressed with "-")	2,064,800,908.70	2,846,532,830.95
Add: Non-operating revenue	141,478,735.80	12,212,345.74
Less: Non-operating expenses	15,191,689.58	17,846,210.04
IV. Profit before tax (loss expressed with "-")	2,191,087,954.92	2,840,898,966.65
Less: Income tax expenses	226,037,787.50	472,836,462.81
V. Net profit (loss expressed with "-")	1,965,050,167.42	2,368,062,503.84
(I) Classified by continuity of operation		
1. Net profit from continuing operation (loss expressed with "-")	1,965,050,167.42	2,368,062,503.84
2. Net profit from discontinued operation (loss expressed with "-")		
(II) Classified by attribution		
1. Net profit attributable to owners of the parent company (loss expressed with "-")	1,964,525,269.65	2,368,347,970.02
2. Profit attributable to minority interests (loss expressed with "-")	524,897.77	-285,466.18
VI. Other comprehensive income, net	-21,688,573.43	-173,374,048.73
Other comprehensive income attributable to owners of the parent company, net after tax	-21,688,573.43	-173,349,939.00
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of the corporation's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-21,688,573.43	-173,349,939.00
1. Other comprehensive income that can be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserves for cash flow hedge	39,915,469.78	-112,225,912.41
6. Differences in translation of foreign currency financial statements	-61,604,043.21	-61,124,026.59
7. Others		

Other comprehensive income attributable to minority interests, net after tax		-24,109.73
VII. Total comprehensive income	1,943,361,593.99	2,194,688,455.11
Total comprehensive income attributable to owners of the parent company	1,942,836,696.22	2,194,998,031.02
Total comprehensive income attributable to minority interests	524,897.77	-309,575.91
VIII. Earnings per share:		
(I) Basic earnings per share	1.15	1.39
(II) Diluted earnings per share	1.15	1.39

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

4. Standalone income statement

In RMB

Item	2023	2022
I. Operating revenue	3,737,530,873.50	3,877,913,051.67
Less: Operating costs	3,381,377,455.45	3,478,568,986.55
Taxes and surcharges	7,671,794.48	7,784,720.56
Selling expenses	65,003,786.00	63,703,774.98
Administrative expenses	264,117,661.70	354,137,272.59
Research and development expenses	252,953,031.98	149,446,571.49
Financial expenses	244,140,628.33	145,208,675.20
Incl.: Interest expenses	355,406,845.27	272,353,140.97
Interest income	97,881,674.07	71,430,377.19
Add: Other income	5,526,956.76	10,684,111.51
Investment income (loss expressed with "-")	1,097,355,440.91	589,880,146.37
Incl.: Investment income from associates and joint ventures	-7,147,658.81	-2,530,300.44
Gain on derecognition of financial assets at amortized cost		
Net exposure hedging income (loss expressed with "-")		
Gain on changes in fair value (loss expressed with "-")		-14,434,367.40
Credit loss (loss expressed with "-")	-53,563,010.03	-14,517,058.05
Impairment loss on assets (loss expressed with "-")	-73,708,230.19	-34,480,575.88
Gain on disposal of assets (loss expressed with "-")	932,378.60	102,024.93
II. Operating profit (loss expressed with "-")	498,810,051.61	216,297,331.78
Add: Non-operating revenue	94,150.75	205,398.99
Less: Non-operating expenses	3,700,557.85	9,176,319.82
III. Profit before tax (loss expressed with "-")	495,203,644.51	207,326,410.95
Less: Income tax expenses	13,298.17	-29,158,019.65
IV. Net profit (loss expressed with "-")	495,190,346.34	236,484,430.60
(I) Net profit from continuing operation (loss expressed with "-")	495,190,346.34	236,484,430.60
(II) Net profit from discontinued operation (loss expressed with "-")		
V. Other comprehensive income, net	-4,538,660.00	4,538,660.00
(I) Other comprehensive income that cannot be reclassified to profit or loss		
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of the corporation's credit		

risk		
5. Others		
(II) Other comprehensive income that will be reclassified to profit or loss	-4,538,660.00	4,538,660.00
1. Other comprehensive income that can be reclassified to profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserves for cash flow hedge	-4,538,660.00	4,538,660.00
6. Differences in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	490,651,686.34	241,023,090.60
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

In RMB

Item	2023	2022
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	32,739,066,437.34	30,689,737,979.37
Net increase in deposits from clients and other banks		
Net increase in borrowings from Central Bank		
Net increase in borrowings from other financial institutions		
Proceeds from premiums under prior insurance contracts		
Net proceeds from reinsurance business		
Net increase in insured's deposits and investments		
Proceeds from interest, fees and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in receipts under repurchase transactions		
Net cash received as stock broker		
Tax refunds received	1,137,521,361.97	1,402,945,080.65
Other proceeds relating to operating activities	1,064,645,853.79	856,136,731.36
Subtotal of cash inflows from operating activities	34,941,233,653.10	32,948,819,791.38
Payments for purchase of goods and receipt of services	23,717,207,870.38	22,311,360,256.76
Net increase in loans and advances from clients		
Net increase in deposits in Central Bank and other banks		
Payment of claims under prior insurance contracts		
Net increase in loans to banks and other financial institutions		
Payment of interest, fees and commissions		
Payment of policyholder dividends		
Payments to and for employees	4,361,937,171.07	4,177,722,088.02
Taxes paid	605,774,751.89	492,638,579.06
Other payments relating to operating activities	1,083,894,389.56	1,337,214,856.16
Subtotal of cash outflows from operating activities	29,768,814,182.90	28,318,935,780.00
Net cash flows from operating activities	5,172,419,470.20	4,629,884,011.38

II. Cash flows from investing activities		
Proceeds from disposal of investments	456,515,984.16	424,159,710.89
Proceeds from return on investments	130,859,749.94	10,968,187.55
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets	37,557,278.12	8,924,465.56
Net proceeds from the disposal of subsidiaries and other business entities		
Other proceeds relating to investing activities	439,820,656.38	235,424,521.00
Subtotal of cash inflows from investing activities	1,064,753,668.60	679,476,885.00
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	3,466,863,364.13	3,375,029,627.94
Payments for investments	664,445,169.56	608,374,219.69
Net increase in mortgage loans		
Net Payments for the acquisition of subsidiaries and other business entities	863,778,442.89	
Other cash payments relating to investing activities	908,569,017.53	455,064,192.71
Subtotal of cash outflows from investing activities	5,903,655,994.11	4,438,468,040.34
Net cash flows from investing activities	-4,838,902,325.51	-3,758,991,155.34
III. Cash flows from financing activities		
Proceeds from investors		
Incl.: Proceeds of subsidiaries from minority shareholders' investments		
Cash receipts from borrowings	13,365,424,866.08	10,828,761,291.26
Other proceeds relating to financing activities	1,329,035,764.61	2,139,193,721.85
Subtotal of cash inflows from financing activities	14,694,460,630.69	12,967,955,013.11
Repayment of borrowings	12,628,310,459.03	9,629,498,697.60
Payment of distribution of dividends and profits or for interest	566,998,901.47	642,139,429.34
Incl.: Dividends and profits distributed by subsidiaries to minor shareholders	131,033.08	36,408.79
Other payments relating to financing activities	1,741,698,784.20	2,192,696,813.07
Subtotal of cash outflows from financing activities	14,937,008,144.70	12,464,334,940.01
Net cash flows from financing activities	-242,547,514.01	503,620,073.10
IV. Effect of exchange rate changes on cash and cash equivalents	96,490,564.93	143,212,766.77
V. Net increase in cash and cash equivalents	187,460,195.61	1,517,725,695.91
Add: Opening balance of cash and cash equivalents	5,457,026,822.70	3,939,301,126.79
VI. Closing balance of cash and cash equivalents	5,644,487,018.31	5,457,026,822.70

6. Standalone cash flow statement

In RMB

Item	2023	2022
I. Cash flows from operating activities		
Proceeds from the sale of goods and rendering of services	3,599,977,055.52	3,930,357,686.47
Tax refunds received	170,635,154.61	238,277,121.92
Other proceeds relating to operating activities	2,473,918,043.84	2,118,216,199.44
Subtotal of cash inflows from operating activities	6,244,530,253.97	6,286,851,007.83
Payments for purchase of goods and receipt of services	3,993,122,870.14	4,440,683,078.94
Payments to and for employees	408,725,850.72	337,116,177.01
Taxes paid	25,001,677.19	19,309,238.75
Other payments relating to operating activities	1,209,977,998.48	639,515,727.10
Subtotal of cash outflows from operating activities	5,636,828,396.53	5,436,624,221.80
Net cash flows from operating activities	607,701,857.44	850,226,786.03
II. Cash flows from investing activities		
Proceeds from disposal of investments	15,357,541.22	121,461,752.60

Proceeds from return on investments	115,022,537.63	573,504,702.64
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets	15,584,415.51	15,670,927.06
Net proceeds from the disposal of subsidiaries and other business entities		
Other proceeds relating to investing activities	72,539,552.45	
Subtotal of cash inflows from investing activities	218,504,046.81	710,637,382.30
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	218,313,936.35	797,364,143.36
Payments for investments	1,671,525,214.35	458,359,760.00
Net payments for the acquisition of subsidiaries and other business entities		
Other payments relating to investing activities	557,893,589.63	
Subtotal of cash outflows from investing activities	2,447,732,740.33	1,255,723,903.36
Net cash flows from investing activities	-2,229,228,693.52	-545,086,521.06
III. Cash flows from financing activities		
Proceeds from investors		
Proceeds from borrowings	5,892,310,572.50	4,553,408,751.02
Other proceeds relating to financing activities		
Subtotal of cash inflows from financing activities	5,892,310,572.50	4,553,408,751.02
Repayment of borrowings	4,307,827,399.66	3,991,741,102.36
Payment of distribution of dividends and profits or for interest	386,091,836.92	606,951,054.50
Other payments relating to financing activities	153,521,804.76	120,819,536.78
Subtotal of cash outflows from financing activities	4,847,441,041.34	4,719,511,693.64
Net cash flows from financing activities	1,044,869,531.16	-166,102,942.62
IV. Effect of exchange rate changes on cash and cash equivalents	21,358,018.36	-35,276,962.44
V. Net increase in cash and cash equivalents	-555,299,286.56	103,760,359.91
Add: Opening balance of cash and cash equivalents	1,034,143,525.12	930,383,165.21
VI. Closing balance of cash and cash equivalents	478,844,238.56	1,034,143,525.12

7. Consolidated statement of changes in owners' equity

2023

In RMB

Item	2023													
	Owners' equity attributable to the parent													Minority interests
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profit	Others	Subtotal	
I. Balance at the end of the previous year	1,709,867,327.00				8,054,894,080.77	125,906,811.33	692,976,005.21		135,347,835.10		7,297,404,445.02		16,378,630,871.35	46,927,625.39
Add: Changes in accounting policies														
Correction of previous period errors														
Others														
II. Balance at the beginning of the current year	1,709,867,327.00				8,054,894,080.77	125,906,811.33	692,976,005.21		135,347,835.10		7,297,404,445.02		16,378,630,871.35	46,927,625.39
III. Increase/(decrease) in the current period (decrease expressed with "-")					8,874,328.96		21,688,573.43		49,519,034.63		1,727,691,084.03		1,764,395,874.19	402,226.33

(I) Total comprehensive income							- 21,688.573.43				1,964,525,269.65		1,942,836,696.22	524,897.77	1,943,361,593.99
(II) Investment (divestment) by shareholders					8,874,328.96								8,874,328.96	8,361.64	8,882,690.60
1. Contributions from holders of ordinary shares															
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity					8,874,328.96								8,874,328.96	8,361.64	8,882,690.60
4. Others															
(III) Distribution of profits								49,519,034.63			236,834,185.62		187,315,150.99	131,033.08	187,446,184.07
1. Surplus reserve								49,519,034.63			49,519,034.63				
2. General risk reserve															
3. Distributions to owners (shareholders)											187,315,150.99		187,315,150.99	131,033.08	187,446,184.07
4. Others															
(IV) Internal transfer of owners' equity															
1. Transfer of capital reserve to (share) capital															
2. Transfer of surplus reserve to (share) capital															
3. Make-up of losses by surplus reserve															
4. Transfer of changes in defined benefit plans to retained earnings															
5. Transfer of other comprehensive income to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriated in the current year															
2. Used in the current year															
(VI) Others															
IV. Balance at the end of the	1,709,867,327.00				8,063,768,409.73	125,906,811.33	- 714,664,578.64		184,866,869.73		9,025,095,529.05		18,143,026,745.54	47,329,851.72	18,190,356,597.26

current year															
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2022

In RMB

Item	2022														
	Owners' equity attributable to the parent													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profit	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Balance at the end of the previous year	1,709,867,327.00				8,099,524,872.90	100,479,794.32	-519,626,066.21						14,576,500,325.15	93,842,214.03	14,670,342,539.18
Add: Changes in accounting policies													18,372,951.79	18,372,951.79	18,408,067.85
Correction of previous period errors															
Others															
II. Balance at the beginning of the current year	1,709,867,327.00				8,099,524,872.90	100,479,794.32	-519,626,066.21						14,594,873,276.94	93,877,330.09	14,688,750,607.03
III. Increase/(decrease) in the current period (decrease expressed with "-")					-44,630,792.13	25,427,017.01	-173,349,939.00						2,003,515,822.60	1,783,757,594.41	1,736,807,889.71
(I) Total comprehensive income							-173,349,939.00						2,368,347,970.02	2,194,998,031.02	2,194,688,455.11
(II) Investment/(divestment) by shareholders					-44,630,792.13	25,427,017.01							-70,057,809.14	-46,603,720.00	-116,661,529.14
1. Contributions from holders of ordinary shares															
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity					16,730,212.08								16,730,212.08	4,703.42	16,734,915.50
4. Others					-61,361,042.1	25,427,017.01							-86,788,021.22	-46,608,423.42	-133,396,444.64
(III) Distribution of profits									23,649,519.95		-364,832,147.42		-341,182,627.47	-36,408.79	-341,219,036.26
1. Surplus reserve									23,649,519.95		-23,649,519.95				
2. General risk reserve															
3. Distributions to owners (shareholders)											-341,182,627.47		-341,182,627.47	-36,408.79	-341,219,036.26
4. Others															
(IV) Internal transfer of owners' equity															
1. Transfer of capital reserve to (share)															

capital															
2. Transfer of surplus reserve to (share) capital															
3. Make-up of losses by surplus reserve															
4. Transfer of changes in defined benefit plans to retained earnings															
5. Transfer of other comprehensive income to retained earnings															
6. Others															
(V) Special reserve															
1. Appropriated in the current year															
2. Used in the current year															
(VI) Others															
IV. Balance at the end of the current year	1,709,867,327.00				8,054,894,080.77	125,906,811.33	692,976,005.21		135,347,835.10		7,297,404,445.02		16,378,630,871.35	46,927,625.39	16,425,558,496.74

8. Standalone statement of changes in owners' equity

2023

In RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous year	1,709,867,327.00				7,953,356,366.17	125,906,811.33	- 345,461,340.00		135,347,835.10	224,498,076.85		9,551,701,453.79
Add: Changes in accounting policies												
Correction of previous period errors												
Others												
II. Balance at the beginning of the current year	1,709,867,327.00				7,953,356,366.17	125,906,811.33	- 345,461,340.00		135,347,835.10	224,498,076.85		9,551,701,453.79
III. Increase/(decrease) in the current period (decrease expressed with "-.")					8,882,690.60		- 4,538,660.00		49,519,034.63	258,356,160.72		312,219,225.95
(I) Total comprehensive income							- 4,538,660.00			495,190,346.34		490,651,686.34
(II) Investment/(divestment) by shareholders					8,882,690.60							8,882,690.60
1. Contributions from holders of ordinary shares												
2. Contribution												

holders of other equity instruments												
3. Share-based payments recorded in owners' equity					8,882,690.60							8,882,690.60
4. Others												
(III) Distribution of profits								49,519,034.63	236,834,185.62			187,315,150.99
1. Surplus reserve								49,519,034.63	49,519,034.63			
2. Distributions to owners (shareholders)									187,315,150.99			187,315,150.99
3. Others												
(IV) Internal transfer of owners' equity												
1. Transfer of capital reserve to (share) capital												
2. Transfer of surplus reserve to (share) capital												
3. Make-up of losses by surplus reserve												
4. Transfer of changes in defined benefit plans to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriated in the current year												
2. Used in the current year												
(VI) Others												
IV. Balance at the end of the current year	1,709,867.327.00				7,962,239.056.77	125,906,811.33	350,000,000.00	184,866,869.73	482,854,237.57			9,863,920.679.74

2022

In RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous year	1,709,867,327.00				7,961,185,289.83	100,479,794.32	- 350,000,000.00		111,698,315.15	352,818,601.06		9,685,089,738.72
Add: Changes in accounting policies										27,192.61		27,192.61
Correction of previous period errors												
Others												
II. Balance at the beginning of the current year	1,709,867,327.00				7,961,185,289.83	100,479,794.32	- 350,000,000.00		111,698,315.15	352,845,793.67		9,685,116,931.33
III. Increase/(decrease) in the current period (decrease expressed with "-")					- 7,828,923.66	25,427,017.01	4,538,660.00		23,649,519.95	- 128,347,716.82		- 133,415,477.54
(I) Total comprehensive income							4,538,660.00			236,484,430.60		241,023,090.60
(II) Investment/(divestment) by shareholders					- 7,828,923.66	25,427,017.01						- 33,255,940.67
1. Contribution						49,990,856.17						- 49,990,856.17

s from holders of ordinary shares												7
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners' equity					16,734,915.50							16,734,915.50
4. Others					24,563,839.16	24,563,839.16						
(III) Distribution of profits									23,649,519.95	-364,832,147.42		-341,182,627.47
1. Surplus reserve									23,649,519.95	23,649,519.95		
2. Distributions to owners (shareholders)										-341,182,627.47		-341,182,627.47
3. Others												
(IV) Internal transfer of owners' equity												
1. Transfer of capital reserve to (share) capital												
2. Transfer of surplus reserve to (share) capital												
3. Make-up of losses by surplus reserve												
4. Transfer of changes in defined benefit plans to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriated in the current year												
2. Used in the current year												
(VI) Others												
IV. Balance at the end of the current year	1,709,867,327.00				7,953,356,366.17	125,906,811.33	345,461,340.00	-	135,347,835.10	224,498,076.85		9,551,701,453.79

III. General Information of the Company

Suzhou Dongshan Precision Manufacturing Co., Ltd. (the “Company”) is a company limited by shares converted from Suzhou Dongshan Sheet Metal Co., Ltd., and registered with the Suzhou Municipal Administration for Industry and Commerce of Jiangsu on December 24, 2007, and is headquartered in Suzhou, Jiangsu, holds a business license with unified social credit code of 91320500703719732P, and has a registered capital of RMB1,709,867,327.00, divided into 1,709,867,327 shares with a par value of RMB 1 each, of which, 319,591,987 shares are non-tradable A-shares, and 1,390,275,340 shares are tradable A-shares. The Company's shares have been listed and traded on the Shenzhen Stock Exchange since April 9, 2010.

The Company belongs to the computer, communication and other electronic equipment manufacturing industry, and is primarily engaged in the provision of core devices for intelligent interconnection, including PCBs, LED display devices, touch panels, LCMS, precision components, etc.

These financial statements are published with the approval of the 9th meeting of the 6th Board of Directors of the Company on April 16, 2024.

IV. Basis for Preparation of the Financial Statements

1. Basis for preparation

These financial statements have been prepared on the assumption that the Company is a going concern.

2. Going concern

No event or fact may cast significant doubts on the Company's ability to remain a going concern within 12 months after the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Note about specific accounting policies and accounting estimates:

Important note: The Company has established specific accounting policies and made specific accounting estimates with respect to the impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, recognition of revenues and other transactions and events according to its actual production and operation characteristics.

1. Statement of compliance with the Accounting Standards for Business Enterprises ("CASBEs")

The financial statements prepared by the Company conform to the requirements of the CASBEs, and truly and completely reflect the Company's financial condition, operating results, cash flows and other related information.

2. Accounting period

The Company's accounting year is from January 1 to December 31 of each calendar year.

3. Operating cycle

The Company has a relatively short operating cycle, and determines the liquidity of assets and liabilities on the basis of 12 months.

4. Functional currency

The Company adopts RMB as its functional currency, MFLEX adopts USD as its functional currency, and the subsidiaries of MFLEX, Multek and other companies adopt the currencies of the main economic environment in which they operate as their functional currencies.

5. Determination and basis for selection of materiality criteria

☒Applicable ☐N/A

Item	Materiality criteria
Significant accounts receivable assessed for impairment loss individually	Individual accounts receivable accounting for over 0.5% of the total assets of the Company are recognized as significant accounts receivable.
Significant written off accounts receivable	Individual written off accounts receivable accounting for over 0.5% of the total assets of the Company are recognized as significant written off accounts receivable.
Significant dividends receivable aged over one year	Individual dividends receivable aged over one year and accounting for over 0.5% of the total assets of the Company are recognized as significant dividends receivable aged over

	one year.
Significant constructions in progress	Individual constructions in progress accounting for over 0.5% of the total assets of the Company are recognized as significant constructions in progress.

6. Accounting treatment of business combinations involving entities under common control and not under common control

(1) Accounting treatment of business combinations involving entities under common control

Assets and liabilities acquired from a business combination by the Company are measured at the carrying value of the assets and liabilities of the acquiree in the consolidated financial statements of the ultimate controller at the combination date. The difference between the carrying value of the owners' equity of the acquiree as stated in the consolidated financial statements of the ultimate controller and the carrying value of the total consideration paid or total par value of the shares issued in connection with the combination is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings.

(2) Accounting treatment of business combinations involving entities not under common control

Where the cost of the combination exceeds the Company's share of the fair value of the acquiree's net identifiable assets, the difference is recognized as goodwill at the acquisition date. Where the cost of combination is lower than the Company's share of the fair value of the acquiree's net identifiable assets, the Company reviews the measurement of the fair value of each of the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the cost of combination, and if the cost of combination as reviewed is still lower than the Company's share of the fair value of the acquiree's net identifiable assets, the difference is recognized in profit or loss.

7. Determination of control and method of preparation of consolidated financial statements

(1) Determination of control

Control means that the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

(2) Method of preparation of consolidated financial statements

The parent includes all of its controlled subsidiaries in its consolidated financial statements. The consolidated financial statements are prepared by the parent in accordance with CASBE 33 "Consolidated Financial Statements", on the basis of the respective financial statements of the parent and its subsidiaries, by reference to other relevant data.

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

(1) Joint arrangements are classified as joint operations and joint ventures.

(2) When the Company is a party to a joint operation, the Company recognizes the following items relating to its interest in the joint operation:

- 1) the assets individually held by the Company, and the Company's share of the assets held jointly;
- 2) the liabilities incurred individually by the Company, and the Company's share of the liabilities incurred jointly;
- 3) the Company's revenue from the sale of its share of the output of the joint operation;
- 4) the Company's share of revenue from the sale of assets by the joint operation; and
- 5) the expenses incurred individually by the Company, and the Company's share of the expenses incurred jointly.

9. Recognition of cash and cash equivalents

For the purpose of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of foreign currency transactions and foreign currency financial statements

(1) Translation of foreign currency transactions

Upon initial recognition, foreign currency transactions are translated into RMB using the approximate exchange rates of spot exchange rates at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates then prevailing. Exchange differences arising from such translations are recognized in profit or loss, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets and accrued interest. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the approximate exchange rates of spot exchange rates at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, with the exchange differences arising from such translations recognized in profit or loss or other comprehensive income.

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheet are translated at the spot exchange rates prevailing at the balance sheet date. The owners' equity items other than "retained profits" are translated at the spot exchange rates prevailing at the transaction dates. The income and expense items in the income statement are translated at the approximate exchange rates of spot exchange rates at the transaction dates. The differences arising from such translation of foreign currency financial statements are recognized in other comprehensive income.

11. Financial instruments

1. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified as: (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; and (iii) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified as: (i) financial liabilities at fair value through profit or loss; (ii) financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (iii) financial guarantee contracts not falling under items (i) and (ii), and loan commitments not falling under item (i) and below market interest rate; and (iv) financial liabilities at amortized cost.

2. Recognition, measurement and derecognition of financial assets and financial liabilities

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

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, the accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price as defined in CASBE

14 “Revenue”.

(2) Subsequent measurement of financial assets

1) Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or losses on financial assets at amortized cost that do not belong to any hedging relationship are recognized in profit or loss upon derecognition, reclassification, amortization using the effective interest method, or recognition of impairment.

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

Investments in debt instruments at fair value through other comprehensive income are subsequently measured at fair value. Interest, impairment losses or gains and exchange gains or losses calculated using the effective interest method are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to profit or loss.

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

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value. Dividends received (other than those received as recovery of investment cost) are recognized in profit or loss, while other gains or losses are recognized in other comprehensive income. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

4) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. Gains or losses thereon, including interest and dividend income, are recognized in profit or loss, except the financial assets belonging to any hedging relationship.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives classified as financial liabilities), and financial liabilities directly designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. Changes in the fair value of financial liabilities designated as at fair value through profit or loss arising out of changes in the Company’s credit risk are recognized in other comprehensive income, unless such treatment will result in or increase any accounting mismatch in profit or loss. Other gains or losses on such financial liabilities, including interest expenses and changes in fair value not arising out of changes in the Company’s credit risk, are recognized in profit or loss, except the financial liabilities belonging to any hedging relationship. Upon derecognition, the aggregate gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

2) Financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred

Such financial liabilities are measured in accordance with CASBE 23 “Transfer of Financial Assets”.

3) Financial guarantee contracts not falling under items 1) and 2), and loan commitments not falling under item 1) and below the market interest rate

Such financial liabilities are subsequently measured at the higher of (i) allowance for impairment losses determined according to the policy for impairment of financial instruments; and (ii) balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with CASBE 14 “Revenue”.

4) Financial liabilities at amortized cost

Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method. Gains or

losses on financial liabilities at amortized cost that do not belong to any hedging relationship are recognized in profit or loss upon derecognition or amortization using the effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

- ① the contractual right to receive cash flows from the financial assets has expired; or
- ② the financial assets have been transferred and such transfer meets the criteria for derecognition of financial assets as set forth in CASBE 23 “Transfer of Financial Assets”.

2) A financial liability (or part thereof) is derecognized when all or part of the outstanding obligations thereunder have been discharged.

3. Determination and measurement of financial assets transferred

When a financial asset of the Company is transferred, if substantially all the risks and rewards incidental to the ownership of the financial asset have been transferred, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); if the Company has retained substantially all the risks and rewards incidental to the ownership of the financial asset, the Company continues to recognize the financial asset transferred. If the Company neither transferred nor retained a substantial portion of all risks and rewards incidental to the ownership of the financial asset, then: (i) if the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations incurred or retained in such transfer are separately recognized as assets or liabilities (as the case may be); or (ii) if the Company retains control over the financial asset, the financial asset continues to be recognized to the extent of the Company’s continuing involvement in the financial asset transferred, and a corresponding liability is recognized.

If an entire transfer of a financial asset meets the criteria for derecognition, the difference between (i) the carrying value of the financial asset transferred at the date of derecognition; and (ii) the sum of the consideration received from the transfer and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss. If part of a financial asset is transferred and the part transferred entirely meets the criteria for derecognition, the total carrying value of the financial asset immediately prior to the transfer is allocated between the part derecognized and the part not derecognized in proportion to their relative fair value at the date of transfer, and the difference between (i) the carrying value of the part derecognized; and (ii) the sum of the consideration received from the transfer of the part derecognized and the portion of the cumulative amount of changes in fair value directly recorded as other comprehensive income originally that corresponds to the part derecognized (where the financial asset transferred is an investment in debt instruments at fair value through other comprehensive income) is recognized in profit or loss.

4. Determination of fair value of financial assets and financial liabilities

The Company adopts the valuation techniques applicable to the current situations and with sufficient data available and support of other information, to determine the fair value of financial assets and financial liabilities. The Company classifies the inputs used by the valuation techniques in the following levels and uses them in turn:

- (1) Level 1 inputs: quoted market price (unadjusted) in an active market for an identical asset or liability available at the date of measurement;
- (2) Level 2 inputs: inputs other than inputs included within Level 1 that are observable directly or indirectly. This category includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, observable inputs other than quoted prices (such as interest rate and yield curves observable during regular intervals of quotation), and inputs validated by the market;

(3) Level 3 inputs: inputs that are unobservable. This category includes interest rate or stock volatility that cannot be directly observed or validated by observable market data, future cash flows from retirement obligations incurred in business combinations, and financial forecasts made using own data.

5. Impairment of financial instruments

The Company determines the impairment and assesses allowance for impairment of financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease payments receivable, loan commitments other than financial liabilities designated at fair value through profit or loss, and financial guarantee contracts other than financial liabilities designated at fair value through profit or loss and financial liabilities arising as a result of the transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred, on the basis of expected credit losses.

Expected credit loss is the weighted average of credit losses on financial instruments taking into account the possibility of default. Credit loss is the present value of the difference between all contractual cash flows receivable under the contract and estimated future cash flows discounted at the original effective interest rate, i.e. the present value of all cash shortages, where the Company's purchased or originated financial assets that have become credit impaired are discounted at their credit-adjusted effective interest rate.

With respect to purchased or originated financial assets that have become credit impaired, at the balance sheet date, the Company recognizes an impairment loss equal to the cumulative amount of changes in lifetime expected credit losses since initial recognition.

With respect to lease payments receivable, accounts receivable arising from transactions within the meaning of CASBE 14 "Revenue", the Company uses the simplified measurement method and recognizes an impairment loss equal to the lifetime expected credit losses.

With respect to financial assets not using the measurement methods stated above, at each balance sheet date, the Company assesses whether the credit risk has increased significantly since initial recognition, and recognizes an impairment loss equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition, or to the expected credit losses within the next 12 months if the credit risk has not increased significantly since initial recognition.

The Company uses reasonable and supportable information, including forward-looking information, and compares the possibility of default at the balance sheet date with the possibility of default upon initial recognition, to determine whether the credit risk of the financial instruments has increased significantly since initial recognition.

At the balance sheet date, if the Company determines that a financial instrument has low credit risk, the Company assumes that its credit risk has not increased significantly since initial recognition.

The Company assesses expected credit risk and measures expected credit losses of financial instruments individually or collectively. When assessing the financial instruments collectively, the Company includes the financial instruments in different groups according to their common risk characteristics.

At each balance sheet date, the Company re-assesses the expected credit losses, with the amount of increase in or reversal of impairment loss recognized in profit or loss as impairment losses or gains. With respect to a financial asset at amortized cost, its carrying value recorded in the balance sheet is written off against the impairment loss. With respect to an investment in debt instruments at fair value through other comprehensive income, the Company recognizes the impairment loss in other comprehensive income, without reducing its carrying value.

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented on a net basis in the balance sheet only if: (i) the Company has a currently enforceable legal right to offset the recognized amounts; and (ii) the Company has an intention to settle on a net basis, or

realize the assets and settle the liabilities simultaneously. Except as stated above, financial assets and financial liabilities are presented in the balance sheet separately, without offsetting each other.

With respect to the transfer of financial assets not meeting the criteria for derecognition, the Company does not offset the financial assets transferred against the relevant liabilities.

(XII). Determination and recognition of expected credit losses on accounts receivable

1. Accounts receivable for which the allowance for expected credit losses is recognized collectively according to credit risk characteristics

Group type	Basis for grouping	Method for measuring expected credit losses
Banker's acceptance bills receivable	Type of bills	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
Commercial acceptance bills receivable		
Accounts receivable – aging group	Age	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the age of accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses.
Other receivables – aging group	Age	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, prepare a comparison table of the age of other receivables and rate of lifetime expected credit loss, and calculate the expected credit losses.
Long-term receivables – group of security deposits	Nature of accounts	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.

(2) Comparison table of the age and rate of expected credit loss

Age	Rate of expected credit loss on accounts receivable (%)	Rate of expected credit loss on other accounts receivable (%)
Within 6 months (inclusive, the same below)	0.5	5
7-12 months	5	5
1-2 years	20	10
2-3 years	60	50
Over 3 years	100	100

The age of an account receivable, other account receivable or commercial acceptance bill receivable is calculated from the month it actually occurred.

3. Determination of accounts receivable for which the allowance for expected credit losses is recognized individually

With respect to the accounts receivable whose credit risk is significantly different from that of the relevant group, an allowance for expected credit losses is recognized individually.

12. Notes receivable

See Note 11 “Financial instruments”.

13. Accounts receivable

See Note 11 “Financial instruments”.

14. Accounts receivable

See Note 11 “Financial instruments”.

15. Other receivables

See Note 11 “Financial instruments”.

16. Contract assets

Contract assets or contract liabilities are presented in the balance sheet according to the relationship between the relevant performance obligations and payment by the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

The right of the Company to payment that is unconditional, except for the passage of time, is presented as an account receivable. The right of the Company to payment for goods already transferred to a customer is presented as a contract asset if that right to payment is conditional on something other than the passage of time.

The Company’s obligation to transfer goods to a customer in exchange for the consideration paid or payable by the customer is presented as a contract liability.

17. Inventories**1. Classification of inventories**

Inventories include finished products or goods held for sale in the ordinary course of business, work in progress and materials and goods consumed in the process of production or rendering of services.

2. Valuation of inventories dispatched

The value of inventories dispatched is determined using the weighted average method at the end of the month in which they were dispatched.

3. Inventory system

The perpetual inventory system is adopted.

5. Amortization of low-value consumables and packing materials**(1) Low-value consumables**

Low-value consumables are amortized using the immediate write-off method.

(2) Packing materials

Packing materials are amortized using the immediate write-off method.

5. Inventory provision

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. An amount equal to the cost of an inventory in excess of its net realizable value is recognized as an inventory provision. The net realizable value of inventories held directly for sale is the estimated selling price of such inventories less the estimated selling expenses and related taxes in the ordinary course of business. The net realizable value of inventories to be further processed is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes in the ordinary course of business. At the balance sheet date, if part of an inventory has a contract price while the remaining part thereof does not have a contract price, the

net realizable value is determined separately, which is compared with their cost, to determine the amount of the inventory provision recognized or reversed (as applicable).

18. Assets held for sale

None.

19. Debt investments

See Note 11 “Financial instruments”.

20. Other debt investments

See Note 11 “Financial instruments”.

21. Long-term receivable

None.

22. Long-term equity investments

1. Determination of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy-making of an entity, but is not control or joint control over those policies.

2. Determination of investment cost

(1) For an equity investment acquired through a business combination involving entities under common control, if the acquirer pays consideration for the business combination by cash, transfer of non-monetary assets, assumption of liabilities or issuance of equity securities, the initial investment cost of the long-term equity investment is the Company's share of the carrying value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the combination date. The difference between: (i) the initial investment cost of the long-term equity investment; and (ii) the carrying value of the consideration paid for the combination or the total par value of the shares issued (as applicable) is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings.

If a business combination is effected through multiple transactions by steps that constitute a package deal, the Company accounts for such transactions as one deal to gain control. If such transactions do not constitute a package deal, the initial investment cost is the Company's share of the carrying value of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controller at the combination date; and the difference between: (i) the initial investment cost of the long-term equity investment at the combination date; and (ii) the sum of the carrying value of long-term equity investment before the combination and the carrying value of the consideration paid for acquisition of the additional shares at the combination date is treated as an adjustment to the capital reserve. In case the capital reserve is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings.

(2) For an equity investment acquired through a business combination involving entities not under common control, the initial investment cost is the fair value of the aggregate consideration paid at the date of acquisition.

With respect to a long-term equity investment acquired through a business combination involving entities under common control that is effected through multiple transactions by steps, the accounting thereof in the standalone financial statements is different from that in the consolidated financial statements as stated below:

- 1) In the standalone financial statements, the sum of the carrying value of the equity investment originally held in the acquiree and the additional investment cost incurred is recorded as the initial investment cost of the equity investment changed into the cost method.
- 2) In the consolidated financial statements, if the transactions constitute a package deal, the Company accounts for such transactions as one deal to gain control. If such transactions do not constitute a package deal, the equity held in the acquiree prior to the acquisition date is remeasured at its fair value at the acquisition date, with the difference between its fair value and carrying value recognized as an investment income for the current period; if the equity held in the acquiree prior to the acquisition date involves other comprehensive income under the equity method, such other comprehensive income is transferred to the income for the period in which the acquisition date falls, except for other comprehensive income arising from remeasurement of changes in net liabilities or net assets of defined benefit plans.
- (3) For an equity investment not acquired through business combination, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or in accordance with CASBE 12 “Debt Restructuring” if it is acquired through debt restructuring, or CASBE 7 “Exchange of Non-monetary Assets” if it is acquired through exchange of non-monetary assets.

3. Subsequent measurement and recognition of profit or loss

Long-term equity investments in investees over which the Company exercises control are accounted for using the cost method. Long-term equity investments in associates and joint ventures are accounted for using the equity method.

4. Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary

(1) Criteria for determining a package deal

Where the Company loses control over a subsidiary due to the disposal of equity investment in the subsidiary through multiple transactions by steps, the Company determines whether such transactions constitute a package deal taking into account the transaction contract terms, consideration received, the transferee of the equity sold, method of disposal, time of disposal and other information in respect of each step.

If the terms, conditions and financial effect of such transactions fall under one or more of the circumstances set forth below, such transactions are accounted for as a package deal generally:

- 1) such transactions are concluded simultaneously or in consideration of their mutual effect;
- 2) such transactions will achieve a complete business result only as a whole;
- 3) the occurrence of a transaction depends on the occurrence of at least another transaction; and/or
- 4) a transaction may be uneconomical when considered individually, but is economical when considered together with other transactions.

(2) Accounting treatment of transactions not constituting a package deal

1) Standalone financial statements

The difference between the carrying value of the equity disposed of and the disposal proceeds actually received is recognized in profit or loss. If the remaining equity empowers the Company to exercise significant influence or joint control over the investee, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investee, the remaining equity is accounted for in accordance with CASBE

22 “Recognition and Measurement of Financial Instruments”.

2) Consolidated financial statements

Before the loss of control, the difference between the disposal proceeds and the Company’s share of the net assets of the subsidiary corresponding to the long-term equity investment disposed of as calculated continuously from the acquisition date or combination date is treated as an adjustment to the capital reserve (capital premium). In case the capital premium is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings.

Upon loss of control, the remaining equity is remeasured at its fair value at the date of loss of control. The sum of the consideration received from the disposal of the equity and the fair value of the remaining equity, net of the Company’s share of the net assets of the subsidiary as calculated continuously from the acquisition date according to the original shareholding ratio, is included in the investment income for the period during which the control was lost, and charged against goodwill. Other comprehensive income related to the equity investment in the subsidiary is transferred to the investment income for the period during which the control was lost.

(3) Accounting treatment of transactions constituting a package deal

1) Standalone financial statements

The Company accounts for such transactions as one deal to dispose of and lose control over the subsidiary; however, in the standalone financial statements, the difference between the proceeds from each disposal before loss of control and the carrying value of the long-term equity investment corresponding to the equity disposed of is recognized in other comprehensive income, which is wholly transferred to profit or loss in the period during which the control was lost.

2) Consolidated financial statements

The Company accounts for such transactions as one deal to dispose of and lose control over the subsidiary; however, in the consolidated financial statements, the difference between the proceeds from each disposal before loss of control and the Company’s share of the net assets of the subsidiary corresponding to the equity disposed of is recognized in other comprehensive income, which is wholly transferred to profit or loss in the period during which the control was lost.

23. Investment property

Measurement model for investment property

Measured at cost

Method of depreciation or amortization

1. Investment properties include land use rights leased out or held for appreciation and buildings and structures leased out.
2. An investment property is measured initially at cost, and subsequently using the cost model, and depreciated or amortized using the same method as fixed assets and intangible assets.

24. Fixed assets

(1) Criteria for recognition

Fixed assets are tangible assets held for the production of goods, rendering of service, lease or operation and management with a useful life of more than one accounting year. A fixed asset is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured.

(2) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Rate of residual value (%)	Annual rate of depreciation
Buildings and structures	Straight line method	20-30	5%	3.17%-4.75%
Machinery and equipment	Straight line method	5-10	5%	9.50%-19.00%
Transportation equipment	Straight line method	5	5%	19.00%
Office equipment and others	Straight line method	5	5%	19.00%

25. Construction in progress

(1) A construction in progress is recognized if the economic benefits relating to it are very likely to flow to the Company and its cost can be reliably measured. Construction in progress is measured at the actual cost incurred before it is completed and ready for the intended use.

(2) When a construction in progress is ready for intended use, it is transferred to fixed assets at its actual construction cost. A construction in progress that is ready for intended use but the final settlement of which has not yet been completed is transferred to fixed assets at estimated value first, and after the completion of the final settlement, the estimated value is adjusted according to the actual cost, without adjusting the accumulated depreciation.

Category	Criteria and time for transfer of construction in progress to fixed assets
Machinery and equipment	Meet the design requirements or agreed standards after installation and commissioning
Buildings and structures	Meet the building completion acceptance criteria

26. Borrowing costs**1. Recognition of capitalization of borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when they meet the condition for capitalization. Other borrowing costs are expensed when they are incurred and recognized in profit or loss.

2. Period of capitalization of borrowing costs

(1) A borrowing cost is capitalized when all of the following conditions are satisfied: (i) the expenditures on the asset have already been incurred; (ii) the borrowing cost has already been incurred; and (iii) the acquisition, construction or production activities necessary to prepare the asset for its intended use or sale have already commenced.

(2) Capitalization of borrowing costs is suspended during the period of abnormal interruption of acquisition, construction or production of a qualifying asset which lasts for more than three consecutive months. The borrowing costs incurred during the period of suspension are recognized as expenses for the current period. The capitalization of borrowing costs is suspended until the resumption of acquisition, construction or production activities.

(3) Capitalization of borrowing costs ceases when a qualifying asset acquired, constructed or produced gets ready for its intended use or sale.

3. Rate and amount of capitalization of borrowing costs

For borrowings obtained specially for the acquisition, construction or production of a qualifying asset, the amount of capitalization of the borrowing costs is the cost of the borrowings actually incurred in the current period (including amortized discount or premium determined using the effective interest method) less the interest income from the part of borrowings that has not yet been utilized and is deposited in banks or investment income from temporary investment of the borrowings. For general borrowings

occupied for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by multiplying the weighted average of the excess of cumulative expenditures on the asset over the special-purpose borrowings by the capitalization rate of the general borrowings occupied.

27. Biological assets

None.

28. Oil and gas assets

None.

29. Intangible assets

(1) Useful life and basis for determination of useful life, estimates, method of amortization or review procedure

1. Intangible assets, including land use right, patents, non-patent technologies, etc., are initially measured at cost.
2. An intangible asset with a finite useful life is amortized in a systematic and reasonable manner according to the pattern in which the economic benefits related to the intangible asset are expected to be realized, or if that pattern cannot be determined reliably, using the straight line method as follows:

Item	Useful life and basis for determination of useful life (years)	Method of amortization
Land use right	50	Straight line method
Development expenses	5	Straight line method
Software	3	Straight line method
Trademarks and patents	10	Straight line method
Customer resources	10	Straight line method

- (2) Intangible asset with indefinite useful life is not amortized, but its useful life is reviewed annually.

(3) Scope and accounting treatment of research and development (R&D) expenses

Scope of R&D expenses

(1) Labor costs

Labor costs comprise the wages, salaries, basic pension insurance, basic medical insurance, unemployment, worker's compensation insurance, maternity insurance and housing provident fund contributions paid to or for the R&D personnel, and service fees of the outsourced R&D personnel.

With respect to the R&D personnel serving a number of R&D projects concurrently, their labor costs are allocated to the relevant R&D projects on a pro-rata basis according to the record of working hours spent by them in such R&D projects as provided by the administrative department.

With respect to the Company's own R&D personnel and outsourced R&D personnel who are directly engaged in R&D activities and also engaged in non-R&D activities, their labor costs actually incurred are allocated between R&D expenses and production and business expenses on a pro-rata basis in proportion to the percentage of working hours spent by them on different posts as recorded, or otherwise reasonably.

(2) Direct costs

Direct costs refer to the costs actually incurred by the Company in connection with R&D activities, including (i) costs of materials, fuels and powers directly consumed; (ii) costs of development and fabrication of molds and process equipment used in pilot trials and trial production, purchasing costs of samples, prototypes and general testing methods not classified as fixed assets, and inspection costs of trial produces; and (iii) operation, maintenance, calibration, inspection, testing, repair and other costs of instruments and equipment used in R&D activities.

(3) Depreciation expenses and long-term deferred expenses

Depreciation expenses refer to the depreciation expenses of instruments, equipment and buildings used in R&D activities.

With respect to the instruments, equipment and buildings used in both R&D activities and non-R&D activities, the depreciation expenses actually incurred are allocated between R&D expenses and production and business expenses according to the actual working hours and area used as recorded, or otherwise reasonably.

Long-term deferred expenses refer to the long-term deferred expenses incurred in the alteration, modification, renovation and repair of R&D facilities, which are recorded according to the amounts actually spent, and amortized on a straight line basis over the defined period.

(4) Amortization expenses of intangible assets

Amortization expenses of intangible assets refer to the amortization expenses of software, intellectual properties, and non-patented technologies (know-how, licenses, designs, computing methods, etc.) used in R&D activities.

(5) Design costs

Design costs refer to the costs incurred in the design of processes, technical specifications, rules of operation and operating features in connection with the concept, development and manufacturing of new products and new processes, including the costs of creative design activities conducted for the purpose of developing innovative, creative and breakthrough products.

(6) Equipment commissioning costs and testing costs

Equipment commissioning costs refer to the costs incurred during the equipment preparation phase of R&D activities, including the costs of developing special-purpose production machines, changing production and quality control procedures, developing new approaches and standards, etc.

The costs incurred for general equipment preparation and industrial engineering in connection with large-scale mass and commercial production are excluded from the scope of aggregation.

Testing costs include clinical trial costs for the development of new drugs, field trial costs for exploration and development technologies, field experiment costs, etc.

(7) Outsourced R&D expenses

Outsourced R&D expenses refer to the expenses of R&D activities that the Company engages external entities or individuals at home or abroad to conduct, provided that the results of such R&D activities will be owned by the Company and such R&D activities are closely related to the primary business of the Company.

(8) Other expenses

Other expenses refer to the expenses that are not set forth above and directly related to R&D activities, including the expenses of technical documents and data, translation, advisors and consultants, high and new technology R&D insurance, retrieval, verification, evaluation, appraisal and acceptance inspection of R&D achievements, application, registration and agency service in respect of intellectual properties, meetings, travel, communication, etc.

4. Expenditures on an internal R&D project at the research phase are recognized in profit or loss in the period in which they are incurred. Expenditures on an internal R&D project at the development phase are recognized as an intangible asset if: (i) it is

technically feasible to complete the intangible asset so that it will be available for use or sale; (ii) it is intended to complete the intangible asset so that it will be available for use or sale; (iii) the pattern in which the intangible asset will generate economic results can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself, or if it is to be used internally, the usefulness of the intangible asset; (iv) there are sufficient technical, financial and other resources available to complete the development activities and to use or sell the intangible asset; and (v) the expenditures attributable to the development of the intangible asset can be reliably measured.

30. Impairment of long-term assets

With respect to long-term equity investments, investment properties at cost, fixed assets, construction in progress, productive biological assets at cost, oil and gas assets, right-of-use assets, intangible assets with a finite useful life and other long-term assets, if there's an indication of impairment at the balance sheet date, the Company assesses their recoverable amount. Goodwill arising from business combinations and intangible assets with an infinite useful life are tested for impairment every year regardless of whether there's an indication of impairment. Goodwill is tested for impairment together with the relevant groups of assets or combinations of groups of assets.

If the recoverable amount of a long-term asset is less than its carrying value, the difference is measured as impairment loss on the asset and recognized in profit or loss.

31. Long-term deferred expenses

Long-term deferred expenses are expenses that have already been incurred but should be amortized over a period of more than one year. Long-term deferred expenses are stated as the amount actually incurred, and equally amortized over the benefit period or established period. If an item of long-term deferred expenses will not benefit the subsequent periods, the remaining unamortized balance of the item is wholly transferred to profit or loss.

32. Contract liabilities

Contract assets or contract liabilities are presented in the balance sheet according to the relationship between the relevant performance obligations and payment by the customer. Contract assets and contract liabilities under the same contract are presented on a net basis.

The Company's obligation to transfer goods to a customer in exchange for the consideration paid or payable by the customer is presented as a contract liability.

33. Employee benefits

(1) Accounting treatment of short-term employee benefits

The short-term employee benefits actually incurred are recognized as liabilities in the accounting period during which employee services are rendered, and included in profit or loss or the cost of related assets.

(2) Accounting treatment of post-employment benefits

Post-employment benefits are classified as defined contribution plans and defined benefit plans.

(1) In the accounting period during which employee services are rendered, the amount contributable as calculated according to the

defined contribution plan is recognized as liabilities and included in profit or loss or the costs of related assets.

(2) The accounting treatment of a defined benefit plan generally involves the following steps:

- 1) According to the projected unit credit method, use unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;
- 2) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit obligation by the fair value of the defined benefit plan is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;
- 3) At the end of the current period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from remeasurement of the net liabilities or net assets of the defined benefit plan, where the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss or the cost of related assets, and the changes arising from remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be reversed to profit or loss in subsequent periods, but may be transferred within the scope of equity.

(3) Accounting treatment of termination benefits

When the Company can no longer withdraw the offer of termination benefits as a result of termination of employment or redundancy, or recognizes the restructuring costs or expenses relating to payment of termination benefits, whichever the earlier, the employee benefit liabilities arising from recognition of termination benefits are recognized in profit or loss.

(4) Accounting treatment of other long-term employee benefits

Other long-term employee benefits are accounted for in accordance with the provisions applicable to defined contribution plans if they are qualified as defined contribution plans, otherwise, are accounted for in accordance with the provisions applicable to defined benefit plans. In order to simplify the accounting, the total net amount of the cost of employee benefits arising from the defined benefit plans that is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, changes arising from remeasurement of the net liabilities or net assets of the defined benefit plan and other components is included in profit or loss or the cost of related assets.

34. Provisions

1. Provisions are recognized when the Company has a present obligation as a result of any external guarantee, litigations, product quality warranty, onerous contract or other contingencies, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.
2. Provisions are initially measured according to the best estimates of the expenditures required to settle the related present obligations. The carrying value of provisions is reviewed at the balance sheet date.

35. Share-based payments

1. Types of share-based payments

Share-based payments include equity-settled share-based payment and cash-settled share-based payment.

2. Accounting treatment of implementation, amendment and termination of share-based payment plans

(1) Equity-settled share-based payment

With respect to an equity-settled share-based payment that is granted in exchange for the services of employees, if the right can be immediately exercised after the grant, at the date of the grant, the fair value of the equity instruments is included in the relevant costs or expenses, and the capital reserve is adjusted accordingly; if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, at each balance sheet date within the vesting period, the services received in the current period are, based on the best estimate of the exercisable equity, included in the relevant costs or expenses at the fair value of the equity instruments at the date of grant, and the capital reserve is adjusted accordingly.

An equity-settled share-based payment that is granted in exchange for the services of any other party is measured at fair value at the date of receipt of such services if the fair value of such services can be reliably measured, or at the fair value of the equity instruments at the date of receipt of such services if the fair value of such services cannot be reliably measured but the fair value of the equity instruments can be reliably measured. The services are included in the relevant costs or expenses, and the owners' equity is increased accordingly.

(2) Cash-settled share-based payment

With respect to a cash-settled share-based payment that is granted in exchange for the services of employees, if the right can be immediately exercised after the grant, at the date of grant, the fair value of the liability undertaken by the Company is included in the relevant costs or expenses, and the liabilities are increased accordingly; if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, at each balance sheet date within the vesting period, the services received in the current period are, based on the best estimate about the exercisable right, included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company.

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

If such amendment results in an increase in the fair value of the equity instruments granted, the Company recognizes a corresponding increase in the services received according to the increase in the fair value of the equity instruments. If such amendment results in an increase in the number of the equity instruments granted, the Company recognizes a corresponding increase in the services received according to the fair value of the additional equity instruments granted. If the Company amends the vesting conditions in a manner favorable to the employees, the Company will take into account the vesting conditions as amended in the accounting thereof.

If such amendment results in a decrease in the fair value of the equity instruments granted, the Company continues to recognize the services received based on the fair value of the equity instruments at the date of grant, without taking into account the decrease in the fair value of the equity instruments. If such amendment results in a decrease in the number of the equity instruments granted, the portion of the equity instruments reduced is deemed canceled. If the Company amends the vesting conditions in a manner unfavorable to the employees, the Company will not take into account the vesting conditions as amended in the accounting thereof.

If, during the vesting period, the Company cancels or settles any equity instruments granted (except for those canceled due to failure to satisfy the vesting conditions), such cancellation or settlement is treated as an acceleration of vesting, and the amount that would have been recognized in the remaining vesting period is recognized immediately.

36. Preferred shares, perpetual bonds and other financial instruments

None.

37. Revenue

Accounting policies for recognition and measurement of revenue disclosed by business type

1. Revenue recognition principle

At contract commencement, the Company assesses a contract to identify each single performance obligation included in the contract and whether such performance obligation shall be satisfied over time or at a point in time.

A performance obligation shall be satisfied over time if it meets one of the following conditions, otherwise, it shall be satisfied at a point in time: (i) the customer simultaneously receives and consumes the benefits provided by the Company's performance; (ii) the customer can control the work in process created during the Company's performance; or (iii) the Company's performance does not create the goods with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

With respect to a performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Company is unable to reasonably measure the progress of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation. With respect to a performance obligation satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods or services. In determining whether the customer has obtained control of any goods, the Company considers the following indicators: (i) the Company has a present right to payment for the goods, i.e. the customer presently is obliged to pay for the goods; (ii) the Company has transferred the legal title to the goods to the customer, i.e. the customer has the legal title to the goods; (iii) the Company has transferred physical possession of the goods to the customer, i.e. the customer physically possesses the goods; (iv) the Company has passed the significant risks and rewards of ownership of the goods to the customer, i.e. the customer has the significant risks and rewards of ownership of the goods; (v) the customer has accepted the goods; and (vi) other indicators showing that the customer has obtained control of the goods.

2. Revenue measurement principle

(1) The Company measures revenue according to the transaction price allocated to each performance obligation. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the relevant goods or services to a customer, excluding the amounts collected on behalf of third parties or expected to be returned to the customer.

(2) If a contract has any variable consideration, the Company determines the best estimate of the variable consideration according to the expected value or the most likely amount, but the Company shall include in the transaction price some or all of an amount of variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) If a contract contains a significant financing component, the Company determines the transaction price according to the amount that the customer would have paid for the goods or services if it had paid cash when it obtained control of the goods or services. The difference between such transaction price and the contract consideration is amortized over the term of the contract using the effective interest method.

(4) If a contract includes two or more performance obligations, at contract commencement, the Company allocates the transaction price to each performance obligation on a relative standalone selling price basis.

3. Methods of revenue recognition

The Company is primarily engaged in the sale of PCBs, LED display devices, touch panels and LCMs, precision components and other products, the revenues from which constitute performance obligations to be satisfied at a point in time. Revenue from sale of products on the domestic market is recognized when the Company has delivered the products to the agreed place of delivery which

has been accepted by the customer, has received or has a present right to payment for the products, and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue from sale of products on the overseas market is recognized when the products delivered by the Company pursuant to the contract have been cleared through customs, and the Company has received the relevant export declaration form and bill of lading, has received or has a present right to payment for the products, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Different methods of revenue recognition and measurement for the same business type that adopts different business models.

38. Contract costs

Contract acquisition costs, i.e. the incremental cost of acquiring a contract, are recognized as an asset if they are expected to be recovered, and if the amortization period is no more than one year, are directly recorded in profit or loss in the period in which they are incurred.

Contract performance costs, i.e. the costs of fulfilling a contract, are recognized as an asset if they are not addressed by the standards on inventories, fixed assets and intangible assets and meet all of the following conditions:

1. the costs relate directly to a contract or to an anticipated contract, including direct labor, direct material, manufacturing costs (or similar costs), costs that are explicitly chargeable to the relevant customer under the contract and other costs incurred solely in connection with the contract;
2. the costs enhance the resources of the Company that will be used in satisfying the performance obligations in the future; and
3. the costs are expected to be recovered.

The assets related to contract costs are amortized on the same basis as the recognition of revenues from goods or services related to such assets, and recognized in profit or loss.

The portion of the carrying value of an asset related to contract costs in excess of the remaining consideration receivable from the transfer of goods or services related to such asset less the estimated costs that are expected to be incurred is recognized as an impairment loss. If, as a result of changes in the factors of impairment in the previous periods, the remaining consideration receivable from the transfer of goods or service related to such asset less the estimated costs that are expected to be incurred exceeds the carrying value of such asset, the impairment loss is reversed through profit or loss, provided that the carrying value of the reversed asset shall not exceed its carrying value at the reversal date assuming such impairment loss were not recognized.

39. Government grants

1. Government grants are recognized if (i) the Company meets the conditions attached to the government grants; and (ii) the Company will receive the government grants. Government grants in the form of monetary assets are measured at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value, or if their fair value is unavailable, at a nominal amount.

2. Determination and accounting treatment of government grants related to assets

Government grants related to assets are government grants which are offered for purchasing, constructing or otherwise acquiring long-term assets as provided by the applicable government documents, or in the absence of such express provision in the applicable government documents, whose primary condition is that the Company should purchase, construct or otherwise acquire long-term assets. Government grants related to assets are offset against the carrying value of the relevant assets or recognized as deferred income. Government grants related to assets recognized as deferred income are included in profit or loss over the service life of the relevant assets on a reasonable and systemic basis. Government grants measured at nominal amount are directly recognized in profit or loss. In case of a sale, transfer, retirement or damage of the relevant assets before the end of the intended

service life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

3. Determination and accounting treatment of government grants related to income

Government grants related to income are government grants other than those related to assets. Government grants related to both assets and income where it is difficult to make a distinction between the portion related to assets and the portion related to income are wholly classified as government grants related to income. Government grants related to income as compensation for expenses or losses to be incurred in subsequent periods are recognized as deferred income and in the period for recognizing the relevant costs, expenses or losses, included in profit or loss or offset against the relevant costs. Government grants related to income as compensation for expenses or losses already incurred are directly included in profit or loss or offset against the relevant costs.

4. Government grants related to day-to-day operations of the Company are recognized in other income or offset against the relevant costs and expenses depending on the nature of economic business. Government grants not related to day-to-day operations of the Company are recognized in non-operating revenues or expenses.

5. Accounting treatment of policy loan interest subsidy

If the financial authority directly appropriates any interest subsidy to the Company, the interest subsidy is recognized as a reduction in the borrowing cost.

40. Deferred tax assets and deferred tax liabilities

1. The difference between the tax base of an asset or liability and its carrying value, or in case of an item not recognized as an asset or liability whose tax base can be determined according to the applicable tax law, the difference between its tax base and carrying value, is recognized as a deferred tax asset or deferred tax liability according to the tax rate applicable to the period in which the asset or liability is expected to be recovered or settled.

2. Deferred tax assets are recognized to the extent of the amount of income tax payable that will be available in future periods against which deductible temporary differences are deductible. At the balance sheet date, deferred tax assets not recognized in previous periods are recognized if there's conclusive evidence that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences are deductible.

3. At the balance sheet date, the carrying value of deferred tax assets is reviewed and written down to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of the deferred tax assets to be utilized. If it is probable that sufficient taxable income will be available, the amount of write-down is reversed.

4. The income taxes and deferred income taxes are included in profit or loss as income tax expenses or gains, except the income taxes arising from any: (i) business combination; or (ii) transaction or event directly recognized in owners' equity.

5. Deferred income tax assets and deferred income tax liabilities are offset and presented on a net basis if: (i) the Company has a legal right to settle current tax assets and current tax liabilities on a net basis; and (ii) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and current tax liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed.

41. Leases

(1) Accounting treatment of leases under which the Company is lessee

The Company as the lessee:

At the lease commencement date, a lease that has a lease term of 12 months or less and does not contain a purchase option is a short-term lease. A lease of an asset with a low value when new is a lease of a low-value asset. Where the Company subleases or expects to sublease a leased asset, the original lease is not classified as a lease of a low-value asset.

Except short-term leases and leases of low-value assets, at the lease commencement date, the Company recognizes right-of-use assets and lease liabilities for the lease.

(1) Right-of-use assets

A right-of-use asset is a lessee's right to use an asset over the life of a lease.

At the lease commencement date, a right-of-use asset is initially measured at cost, which comprises: (i) the amount of the lease liability initially measured; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) estimated costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use assets using the straight-line method. If it is reasonable to be certain that the ownership of an underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset over its remaining useful life. Otherwise, the Company depreciates the right-of-use asset over the shorter of the lease term and its remaining useful life.

(2) Lease liabilities

At the lease commencement date, the Company measures a lease liability at the present value of the lease payments that have not been paid at that date. The present value of lease payments is determined using the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. The difference between the lease payments and their present value is unrecognized financing costs. Interest expenses are measured for each period within the lease term using the discount rate for determining the present value of lease payments, and recognized in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss in the period during which they are incurred.

At the lease commencement date, if there are changes in the in-substance fixed lease payments, amounts expected to be payable under residual value guarantee, the index or rate used to determine the lease payments, the result of an assessment of purchase option, renewal option or termination option or the actual exercise of such options, the Company re-measures the lease liability based on the present value of lease payments as adjusted, and adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use asset is reduced to zero, but the lease liability needs to be further reduced, the balance is recognized in profit or loss.

(2) Accounting treatment of leases under which the Company is lessor

The Company as the lessor:

At the lease commencement date, the Company classifies a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee as a finance lease, and all other leases as operating leases.

(1) Operating lease

Lease receipts are recognized as lease income using the straight-line method over the lease term. Initial direct costs incurred are capitalized, amortized on the same basis as the recognition of lease income, and recognized in profit or loss by installments. Variable lease payments related to the operating lease which are not included in the lease receipts are recognized in profit or loss in the period during which they are incurred.

(2) Finance lease

At the lease commencement date, the Company recognizes the finance lease payments receivable based on the net investment in the lease (equal to the sum of unguaranteed residual value and the present value of lease receipts that are not received at the lease commencement date and discounted using the Company's incremental interest rate), and derecognizes the assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments that are not included in the measurement of the net investment in a lease are recognized in profit or loss when they are incurred.

42. Other Significant accounting policies and accounting estimates

1. Basis for the adoption of hedge accounting and its accounting treatment

(1) Cash flow hedge.

(2) A hedging relationship qualifies for hedge accounting if all of the following conditions are met: (i) the hedging relationship consists only of eligible hedging instruments and eligible hedged instruments; (ii) at the commencement of the hedge there is formal designation of hedging instruments and hedged item, and documentation of the hedging relationship and the Company's risk management objective and strategy for undertaking the hedge; and (iii) the hedging relationship meets the hedging effectiveness requirements.

The Company recognizes that the hedging relationship meets effectiveness requirements if all of the following conditions are met: (i) there is an economic relationship between the hedged item and the hedging instruments; (ii) the effect of credit risk does not dominate the value changes that result from the economic relationship between the hedged item and the hedging instruments; and (iii) the hedge ratio of the hedging relationship is the same as the ratio of the quantity of the hedged item that the Company actually hedges to the number of hedging instruments that the Company actually uses to hedge such hedged item, but does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

The Company assesses whether a hedging relationship meets the hedge effectiveness requirements at commencement and on an ongoing basis. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedging relationship will be rebalanced.

(3) Hedge accounting

1) Fair value hedge

① The gain or loss on a hedging instrument is recognized in profit or loss (or other comprehensive income, if the hedging instrument hedges a non-trading equity instrument (or a component thereof) at fair value through other comprehensive income).

② The gain or loss on a hedged item arising from risk exposure is recognized in profit or loss, with a corresponding adjustment to the book balance of the hedged item not measured at fair value. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income in accordance with Article XVIII of CASBE 22 "Financial Instruments: Recognition and Measurement", the gain or loss arising from the risk exposure on the hedged item is recognized in profit or loss, without adjusting its book balance which has already been measured at fair value; if the hedged item is a non-trading equity instrument (or a component thereof) for which the Company has elected to present changes at fair value through other comprehensive income, the gain or loss arising from the risk exposure on the hedged item is recognized in profit or loss, without adjusting its book balance which has already been measured at fair value.

When a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative change in fair value of the hedged item subsequent to its designation is recognized as an asset or a liability with a corresponding gain or loss recognized in

profit or loss. When a firm commitment is performed to acquire an asset or assume a liability, the initial book balance of the asset or the liability is adjusted to include the cumulative change in fair value of the hedged item that was previously recognized.

For a hedged item that is a financial instrument (or a component thereof) measured at amortized cost, any adjustment on the book balance of the hedged item is amortized to profit or loss based on a recalculated effective interest rate at the date that amortization begins. For a financial asset (or a component thereof) that is a hedged item and measured at fair value through other comprehensive income in accordance with Article XVIII of CASBE 22 “Financial Instruments: Recognition and Measurement”, the cumulative gain or loss previously recognized thereon is amortized in the same manner, and recognized in profit or loss, without adjusting its book balance.

2) Cash flow hedges

① The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as cash flow hedge reserve, while the ineffective portion is recognized in profit or loss. The cash flow hedge reserve is recognized at the lower of the following (in absolute amount): (i) the cumulative gain or loss on the hedging instrument from the commencement of the hedge; and (ii) the cumulative change in the present value of the estimated future cash flows of the hedged item from the commencement of the hedge.

② If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Company transfers out the amount of cash flow hedge reserve previously recognized in other comprehensive income, and includes it in the initial cost of the asset or the liability.

③ For other cash flow hedges, the amount of cash flow hedge reserve previously recognized in other comprehensive income is transferred to profit or loss in the same period the hedged forecast sale affects profit or loss.

3) Hedges of a net investment in a foreign operation

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income, and reclassified from other comprehensive income into profit or loss on the disposal of the foreign operation, while the ineffective portion is recognized in profit or loss.

2. Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital, rewarding its employees or otherwise, if the purchased shares are to be held as treasury shares, the treasury shares are recorded at the amount actually paid and the relevant filing procedures are performed; if the repurchased shares are to be retired, the difference between the total book value of the shares retired and the amount actually paid therefore is recognized as a reduction in capital reserve, and if the capital reserve is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings. If the repurchased shares are granted to the employees as equity-settled share-based payments, the purchase price paid by the employees upon exercise of their rights is recognized as a reduction in the cost of the relevant treasury shares vested in the employees and capital reserve (other capital reserve) accumulated within the vesting period, with a corresponding adjustment to capital reserve (share premium).

43. Significant changes in accounting policies and accounting estimates

(1) Significant changes in accounting policies

☒ Applicable ☐ N/A

In RMB

Content and reason for changes in accounting policies	Financial statement items significantly affected	Amount affected
Since January 1, 2023, the Company has applied the provisions	The Proposal Regarding	See the table below

contained in the Interpretation of the Accounting Standards for Business Enterprises (“CASBE”) No. 16 issued by the Ministry of Finance, regarding the “accounting treatment of deferred taxes related to assets and liabilities arising from single transactions to which the initial recognition exemption does not apply”, and adjusted the single transactions to which such provisions apply that occurred during the period from the beginning of the earliest period in which the Company applied such provisions in the presentation of financial statements for the first time, till the date of initial application of such provisions as follows: with respect to the taxable temporary difference and deductible temporary differences arising from lease liabilities and right-of-use assets, provisions related to retirement obligations and corresponding assets recognized in connection with the single transactions to which such provisions apply, at the beginning of the earliest period in which the Company applied such provisions in the presentation of financial statements for the first time, the cumulative effect is treated as an adjustment to the opening retained earnings and other related financial statement items for that period in accordance with such provisions and the provisions of CASBE No. 18 “Income Tax”.	Changes in Accounting Policies was considered and adopted at the 9 th meeting of the 6 th Board of Directors and the 7 th meeting of the 6 th Board of Supervisors on April 16, 2024. This change in accounting policies is not subject to approval of the general meeting of shareholders.	
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The table shows the specific adjustments:

Financial statement items significantly affected	Amount affected (RMB)	Remark
Items of the balance sheet on December 31, 2022		
Deferred tax assets	271,245,622.44	
Deferred tax liabilities	252,034,574.31	
Minority interests	9,657.23	
Retained profits	19,201,390.90	
Items of the income statement for the year ended December 31, 2022		
Income tax expenses	-802,980.28	
Profit or loss attributable to minority interests	-25,458.83	

(2) Changes in significant accounting estimates

☐ Applicable ☒ N/A

(3) Adjustment of the opening balance of related financial statement items due to the initial adoption of new accounting standards since 2023

☒ Applicable ☐ N/A

Adjustments:

See Note 43 (1) “Significant changes in accounting policies”.

44. Miscellaneous

(1) Sale and leaseback

1) The Company as lessee

In accordance with CASBE 14 “Revenue”, the Company assesses and determines whether the transfer of any asset in a sale and leaseback transaction should be accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying value of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred asset, and recognizes a financial liability equal to the amount of transfer proceeds in accordance with CASBE 22 “Financial Instruments: Recognition and Measurement” at the same time.

2) The Company as lessor

In accordance with CASBE 14 “Revenue”, the Company assesses and determines whether the transfer of any asset in a sale and leaseback transaction should be accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with CASBE 21 “Leases”.

Otherwise, the Company does not recognize the transferred asset, instead, recognizes a financial asset equal to the amount of transfer proceeds in accordance with CASBE 22 “Financial Instruments: Recognition and Measurement”.

VI. Taxation

1. Main categories of taxes and tax rates

Category of tax	Tax base	Tax rate
Value-added tax	The output tax is calculated based on revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax deductible in the current period	13%, 6% or 7%-25% (for the Company's overseas subsidiaries)
Sales tax	Taxable sale revenue	Taxable sale revenue
Urban maintenance and construction tax	Amount of turnover tax actually paid	5% or 7% (China)
Enterprise income tax	Amount of taxable income	15%, 16.50%, 25%, 0, 21%, 0.75%-8.84%, 17%, 10%, 20%, 20.6%, 24% or 30%
Property tax	If levied on the basis of price, 1.2% * 70% of the original value of the property; if levied on the basis of rental, 12% of the lease income	1.2% or 12% (China)
Education surcharge	Amount of turnover tax actually paid	3% (China)
Local education surcharge	Amount of turnover tax actually paid	2% (China)

Different rates of enterprise income tax applicable to the taxpayers:

Taxpayer	Income tax rate
The Company, Yongchuang Tech, Mutto Optronics, MFLEX Yancheng, Yancheng Dongshan, Dongguan Dongshan Precision Manufacturing Co., Ltd., RF Top Electronic, Suzhou Chengjia, Yancheng Mutto Optronics Science and Technology Co., Ltd. and Suzhou Dongdai Electronic Tech Co Ltd.	15.00%
Hong Kong Dongshan and other companies incorporated in Hong Kong	16.50%
Mutto Optronics Group Limited, Mflex Delaware, Inc., The Dii Group (BVI) Co. Limited	0
Multi-Fineline Electronix, Inc. and other companies incorporated in the United States	Federal corporate income tax rate, 21%; state corporate income tax rate, 0.75%-8.84%
Multi-Fineline Electronix Singapore Ptd. Ltd. and other companies incorporated in Singapore	17% (Singapore)
Multek Technologies Limited	15% (enjoying an 80% tax exemption)
Multek Technology Sweden AB	20.6% (Sweden)
Multek Technology Malaysia SDN.BHD	24% (Malaysia)
DSBJ Mexico, S.DER.L.DEC.V. and other companies in Mexico	30.00%
Other taxpayers not listed above	25.00%

2. Tax preferences

1. Pursuant to the Notice on Publishing the Filing of the Third Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company and its subsidiaries Mutto Optronics, Yancheng Dongshan, Yancheng Dongshan Communication Technology Co., Ltd. and MFLEX Yancheng passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore are subject to an enterprise income tax rate of 15% for the current period.
2. Pursuant to the Notice on Publishing the Filing of the Fourth Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's wholly-owned subsidiary Suzhou Chengjia passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore is subject to an enterprise income tax rate of 15% for the current period.
3. Pursuant to the Notice on Publishing the Filing the Second Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's subsidiary EF Top Electronic passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore is subject to an enterprise income tax rate of 15% for the current period.
4. Pursuant to the Notice on the Filing of the Third Batch of High and New Technology Enterprises of Jiangsu Province in 2021, the Company's wholly-owned subsidiary Yancheng Mutto Optronics Science and Technology Co., Ltd. passed the high and new technology enterprise qualification review with a term of three years from 2021 to 2023, and therefore is subject to an enterprise income tax rate of 15% for the current period.
5. The Company's subsidiary Suzhou Dongdai Electronic Tech Co., Ltd. was listed in the Notice on Publishing the Filing of the Second Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2023 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, and temporarily paid enterprise income tax at the rate of 15% for the current period.
6. Multek Technologies Limited is subject to a corporate income tax rate of 15% under the Mauritius Corporate Income Tax Act, and as a global Class I company incorporated in Mauritius but operating abroad, enjoys an 80% tax exemption, so its effective corporate income tax rate is 3%.

VII. Notes to items of the consolidated financial statements

1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	559,941.39	340,651.93
Bank deposits	5,874,124,506.28	5,456,686,170.77
Other cash and bank balances	1,315,351,783.39	1,674,175,995.02
Total	7,190,036,231.06	7,131,202,817.72
Incl.: Total amounts deposited abroad	1,917,732,423.09	2,247,517,164.32

Note: See Notes to the Financial Statements for cash and cash equivalents subject to restrictions on use, and cash and bank balances not classified as cash and cash equivalents.

2. Financial assets held for trading

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	146,141,371.77	575,783,803.93
Incl.:		
Investments in equity instruments	71,779,147.66	56,779,147.66
Derivatives	26,920,185.50	159,865,619.03
Wealth management products	47,442,038.61	359,139,037.24
Total	146,141,371.77	575,783,803.93

3. Derivative financial assets

4. Notes receivable

(1) Notes receivable by category

In RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	3,407,623.49	48,401,430.82
Total	3,407,623.49	48,401,430.82

(2) Notes receivable by method of recognition of allowance for doubtful accounts

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Incl.:										
Allowance recognized collectively	3,424,747.23	100.00%	17,123.74	0.50%	3,407,623.49	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82
Incl.:										
Commercial acceptance bills	3,424,747.23	100.00%	17,123.74	0.50%	3,407,623.49	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82
Total	3,424,747.23	100.00%	17,123.74	0.50%	3,407,623.49	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Group of commercial acceptance bills	3,424,747.23	17,123.74	0.50%
Total	3,424,747.23	17,123.74	

Recognition of allowance for doubtful accounts in accordance with the general model of expected credit losses:

☐ Applicable ☒ N/A

(3) Allowance for doubtful accounts recognized, recovered or reversed in the current period

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered	Written	Others	

			or reversed	off		
Allowance recognized collectively	243,223.27	-226,099.53				17,123.74
Total	243,223.27	-226,099.53				17,123.74

Significant amount of allowance for doubtful accounts recovered or reversed in the current period:

☐Applicable ☒N/A

(4) Notes receivable pledged at the end of the current period

(5) Notes receivable already endorsed or discounted but not yet become due at the balance sheet date

In RMB

Item	Amount derecognized at December 31, 2023	Amount not derecognized at December 31, 2023
Commercial acceptance bills	10,645,152.55	3,424,747.23
Total	10,645,152.55	3,424,747.23

5. Accounts receivable

(1) Accounts receivable by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	7,522,771,106.29	6,943,154,404.27
Within 6 months	7,444,151,188.36	6,527,619,977.21
7-12 months	78,619,917.93	415,534,427.06
1-2 years	285,296,373.77	79,131,332.02
2-3 years	16,989,211.39	147,646,312.40
Over 3 years	369,089,730.68	827,282,581.21
3-4 years	275,176,513.49	780,916,195.14
4-5 years	53,209,221.21	29,163,991.48
Over 5 years	40,703,995.98	17,202,394.59
Total	8,194,146,422.13	7,997,214,629.90

(2) Accounts receivable by method of recognition of allowance for doubtful accounts

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	221,542,640.42	2.70%	220,877,891.72	99.70%	664,748.70	619,864,657.18	7.75%	619,864,657.18	100.00%	
Incl.:										
Allowance recognized collectively	7,972,603,781.71	97.30%	260,103,758.36	3.26%	7,712,500,023.35	7,377,349,972.72	92.25%	370,938,505.98	5.03%	7,006,411,466.74
Incl.:										
Total	8,194,146,422.13	100.00%	480,981,650.08	5.87%	7,713,164,772.05	7,997,214,629.90	100.00%	990,803,163.16	12.39%	7,006,411,466.74

Allowance for doubtful accounts recognized individually:

Significant accounts receivable for which allowance for doubtful accounts was recognized individually

In RMB

Name	Opening balance		Closing balance			
	Book balance	Allowance for doubtful accounts	Book balance	Allowance for doubtful accounts	%	Reason
Dongguan Baofeng Intelligent Technology Co., Ltd.	169,582,771.72	169,582,771.72	169,582,771.72	169,582,771.72	100.00%	The company was ordered to close down, so an amount equal to the account receivable was already

						recognized as an impairment loss in 2019.
Total	169,582,771.72	169,582,771.72	169,582,771.72	169,582,771.72		

Allowance for doubtful accounts recognized collectively: Aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Within 6 months	7,443,314,172.22	37,216,570.84	0.50%
7-12 months	77,177,359.99	3,858,868.00	5.00%
1-2 years	285,232,629.47	57,046,525.89	20.00%
2-3 years	12,244,565.99	7,346,739.59	60.00%
Over 3 years	154,635,054.04	154,635,054.04	100.00%
Total	7,972,603,781.71	260,103,758.36	

Basis for grouping: None.

Recognition of allowance for doubtful accounts in accordance with the general model of expected credit losses:

☐ Applicable ☒ N/A

(3) Allowance for doubtful accounts recognized, recovered or reversed in the current period

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	619,864,657.18	2,828,114.52		401,778,317.42	-36,562.56	220,877,891.72
Allowance recognized collectively	370,938,505.98	35,757,413.60		149,160,663.65	2,568,502.43	260,103,758.36
Total	990,803,163.16	38,585,528.12		550,938,981.07	2,531,939.87	480,981,650.08

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

In RMB

Item	Amount written off
Accounts receivable actually written off	550,938,981.07

Significant amount of accounts receivable written off:

In RMB

Company name	Nature of account	Amount written off	Reason for write-off	Write-off procedure performed	Whether or not arising from related-party transactions
Major customers written off	Trade receivable	401,778,317.42	The company has gone bankrupt	Resolution of the Board of Directors	No
Total		401,778,317.42			

(5) Top 5 debtors in terms of closing balance of accounts receivable and contract assets

In RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	% of total closing balance of accounts receivable and contract assets	Closing balance of allowance for doubtful accounts receivable and
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					impairment of contract assets
Debtor 1	3,410,937,382.67		3,410,937,382.67	41.63%	20,307,235.19
Debtor 2	492,675,037.13		492,675,037.13	6.01%	2,463,375.19
Debtor 3	457,362,240.53		457,362,240.53	5.58%	2,449,319.44
Debtor 4	316,423,534.67		316,423,534.67	3.86%	1,582,117.67
Debtor 5	250,948,110.69		250,948,110.69	3.06%	3,897,485.94
Total	4,928,346,305.69		4,928,346,305.69	60.14%	30,699,533.43

6. Contract assets

7. Accounts receivable financing

(1) Accounts receivable financing by category

In RMB

Item	Closing balance	Opening balance
Banker's acceptance bills	290,477,095.22	644,057,382.41
Total	290,477,095.22	644,057,382.41

(2) Accounts receivable financing by method of recognition of allowance for doubtful accounts

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Incl.:										
Allowance recognized collectively	290,477,095.22	100.00%			290,477,095.22	644,057,382.41	100.00%			644,057,382.41
Incl.:										
Banker's acceptance bills	290,477,095.22	100.00%			290,477,095.22	644,057,382.41	100.00%			644,057,382.41
Total	290,477,095.22	100.00%			290,477,095.22	644,057,382.41	100.00%			644,057,382.41

(3) Allowance for doubtful accounts recognized, recovered or reversed in the current period

(4) Accounts receivable financing pledged at the end of the current period

In RMB

Item	Amount pledged at December 31, 2023
Banker's acceptance bills	172,685,965.02
Total	172,685,965.02

(5) Accounts receivable financing already endorsed or discounted but not yet become due at the balance sheet date

In RMB

Item	Amount derecognized at December 31, 2023	Amount not derecognized at December 31, 2023
Banker's acceptance bills	694,778,744.58	
Total	694,778,744.58	

(6) Other information

As the acceptors of banker's acceptance bills are commercial banks that have high credit ratings, banker's acceptance bills are less likely to be dishonored when they become due. Therefore, the Company derecognizes the banker's acceptance bills already endorsed or discounted. However, if such bills fail to be paid when they become due, the Company will assume joint and several liability to the holders thereof pursuant to the *Law on Negotiable Instruments*.

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	77,134,897.39	35,793,851.22
Total	77,134,897.39	35,793,851.22

(1) Interest receivable

(2) Dividends receivable

(3) Other receivables

1) Other receivables by nature

In RMB

Nature of account	Closing balance	Opening balance
Loan and reserve fund	3,008,693.20	7,767,360.70
Security deposit	24,179,943.43	25,463,197.09
Temporary payment receivable and others	63,320,215.31	17,415,911.41
Total	90,508,851.94	50,646,469.20

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	71,736,165.38	32,992,896.42
1-2 years	8,616,817.34	3,233,448.86
2-3 years	2,464,429.36	3,764,903.27
Over 3 years	7,691,439.86	10,655,220.65
3-4 years	3,078,691.14	3,360,841.55
4-5 years	1,718,689.00	508,660.00
Over 5 years	2,894,059.72	6,785,719.10
Total	90,508,851.94	50,646,469.20

3) Other receivables by the method of recognition of allowance for doubtful accounts

☒ Applicable ☐ N/A

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	2,340,704.91	2.59%	2,340,704.91	100.00%		3,590,704.91	7.09%	3,590,704.91	100.00%	
Incl.:										
Allowance recognized collectively	88,168,147.03	97.41%	11,033,249.64	12.51%	77,134,897.39	47,055,764.29	92.91%	11,261,913.07	23.93%	35,793,851.22

Incl.:										
Total	90,508,851.94	100.00%	13,373,954.55	14.78%	77,134,897.39	50,646,469.20	100.00%	14,852,617.98	29.33%	35,793,851.22

Allowance for doubtful accounts recognized collectively: Aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Within 1 year	71,736,165.38	3,586,808.28	5.00%
1-2 years	8,616,817.34	861,681.73	10.00%
2-3 years	2,460,809.36	1,230,404.68	50.00%
Over 3 years	5,354,354.95	5,354,354.95	100.00%
Total	88,168,147.03	11,033,249.64	

Basis for grouping: None.

Recognition of allowance for doubtful accounts in accordance with the general model of expected credit losses:

In RMB

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance at January 1, 2023	1,649,644.86	322,982.88	12,879,990.24	14,852,617.98
In the current period:				
- Transferred to stage 2	-430,842.82	430,842.82		
- Transferred to stage 3		-246,395.36	246,395.36	
Recognized	2,759,838.66	107,856.03	-540,433.65	2,327,261.04
Reversed			1,250,000.00	1,250,000.00
Written off			2,164,092.05	2,164,092.05
Other changes	-391,832.42			-391,832.42
Balance at December 31, 2023	3,586,808.28	861,681.73	8,925,464.54	13,373,954.55

Basis for classification of stages and percentage of allowance for doubtful accounts recognized: None.

Significant changes in the book balance of allowance for doubtful accounts in the current period:

☐ Applicable ☒ N/A

4) Allowance for doubtful accounts recognized, recovered or reversed in the current period

5) Other receivables actually written off in the current period

6) Top 5 debtors in terms of closing balance of other receivables

In RMB

Company name	Nature of account	Closing balance	Age	% of total closing balance of other receivables	Closing balance of allowance for doubtful accounts
Debtor 1	Government grants	37,648,885.00	Within 1 year	41.60%	1,882,444.25
Debtor 2	Temporary payment receivable and others	9,860,000.00	Within 1 year	10.89%	493,000.00
Debtor 3	Export rebates	3,192,435.52	Within 1 year	3.53%	159,621.78
Debtor 5	Security deposit	2,855,772.00	1-2 years	3.16%	285,577.20
Debtor 5	Temporary payment receivable and others	2,340,704.91	Over 3 years	2.59%	2,340,704.91
Total		55,897,797.43		61.77%	5,161,348.14

9. Advances to suppliers

(1) Advances to suppliers by age

In RMB

Age	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	72,605,597.90	91.00%	144,831,544.38	89.67%
1 to 2 years	5,581,589.38	7.00%	9,311,244.44	5.77%
2 to 3 years	21,100.35	0.03%	3,378,241.58	2.09%
Over 3 years	1,574,451.48	1.97%	3,991,794.13	2.47%
Total	79,782,739.11		161,512,824.53	

Reason of failure to timely settle the significant advances to suppliers aged more than one year:

(2) Top 5 suppliers in terms of closing balance of advances to suppliers

Company name	Book balance (RMB)	% of the total balance of advances to suppliers
Supplier 1	5,551,132.74	6.46
Supplier 2	4,813,400.00	5.60
Supplier 3	3,732,167.64	4.35
Supplier 4	3,697,195.15	4.30
Supplier 5	3,624,803.07	4.22
Subtotal	21,418,698.60	24.93

10. Inventories

Does the Company need to comply with the disclosure requirements for the real estate industry? No.

(1) Categories of inventories

In RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision or allowance for impairment of contract fulfilling costs	Carrying value	Book balance	Inventory provision or allowance for impairment of contract fulfilling costs	Carrying value
Raw materials	1,137,854,380.40	144,036,638.90	993,817,741.50	1,054,142,552.20	52,636,496.51	1,001,506,055.69
Work in progress	891,174,574.36	125,226,289.12	765,948,285.24	839,758,226.64	29,797,143.67	809,961,082.97
Goods on hand	4,974,174,253.58	449,989,021.71	4,524,185,231.87	4,710,817,179.86	366,785,710.02	4,344,031,469.84
Circulating materials	9,966,532.81	38,514.88	9,928,017.93	10,278,315.47	38,514.88	10,239,800.59
Total	7,013,169,741.15	719,290,464.61	6,293,879,276.54	6,614,996,274.17	449,257,865.08	6,165,738,409.09

(2) Inventory provision or allowance for impairment of contract fulfilling costs

In RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Recognized	Others	Reversed or written off	Others	
Raw materials	52,636,496.51	99,844,978.15		8,444,835.76		144,036,638.90
Work in progress	29,797,143.67	97,273,963.88		1,844,818.43		125,226,289.12
Goods on hand	366,785,710.02	200,096,019.26	5,037,473.33	121,930,180.90		449,989,021.71

Circulating materials	38,514.88					38,514.88
Total	449,257,865.08	397,214,961.29	5,037,473.33	132,219,835.09		719,290,464.61
Item	Basis for determining the net realizable value		Reason for reversing the inventory provision		Reason for writing off the inventory provision	
Raw materials	The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.		The inventories for which an inventory provision was recognized at the beginning of the current period have been used.		The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.	
Work in progress	The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.		The inventories for which an inventory provision was recognized at the beginning of the current period have been used.		The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.	
Goods on hand	The net realizable value is the estimated selling price of finished goods less the estimated selling expenses and related taxes.		The inventories for which an inventory provision was recognized at the beginning of the current period have been used.		The net realizable value is the estimated selling price of finished goods less the estimated selling expenses and related taxes.	
Other circulating materials	The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.		The inventories for which an inventory provision was recognized at the beginning of the current period have been used.		The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes.	

11. Assets held for sale**12. Non-current assets due within one year****13. Other current assets**

In RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	29,832,976.30	21,651,650.92
Deductible input tax	340,312,673.44	153,399,758.40
Prepaid enterprise income tax	35,892,887.21	76,293,525.58
Deferred expenses and others	245,681,208.73	253,228,939.74
Total	651,719,745.68	504,573,874.64

14. Debt investments**15. Other debt investments****16. Investment in other equity instruments**

In RMB

Item	Closing balance	Opening balance	Income recognized in other comprehensive income in the current period	Loss recognized in other comprehensive income in the current period	Aggregate income recognized in other comprehensive income at the end of the current period	Aggregate loss recognized in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reason for designation as at fair value through other comprehensive income
Jiangsu Bohua Equity Investment Partnership (L.P.)	150,000,000.00	150,000,000.00						
Hai Dixin Semiconductor (Nantong) Co., Ltd.	21,322,110.00	21,322,110.00						
Hostar Intelligence Technology Co., Ltd.	28,800,000.00							
Dyness Digital Energy Technology Co., Ltd.	50,000,000.00							
Shinwu Optonics	22,035,000.00							

(Suzhou) Co., Ltd.								
Jinan Moviebook Co., Ltd.	6,000,000.00							
Total	278,157,110.00	171,322,110.00						

Other information:

Reason for designation as an investment in equity instruments at fair value through other comprehensive income

1) Hai Dixin Semiconductor (Nantong) Co., Ltd. was established on April 6, 2012, with a registered capital of RMB36,152,329.00, in which the Company holds 10.2345% shares. In consideration that the Company has a close business relationship with Hai Dixin Semiconductor (Nantong) Co., Ltd., the shares held by the Company in it will help the Company improve its business competencies and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income on January 1, 2019.

2) Jiangsu Bohua Equity Investment Partnership (L.P.) was established on September 27, 2021, with a registered capital of RMB3.3 billion, and is primarily engaged in venture capital investment (in non-listed companies only). In consideration that this investment will bring a good return to the Company and provide the Company with opportunities to invest in premium fields and assets, and is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income.

3) Hostar Intelligence Technology Co., Ltd. was established on April 2, 2011, with a registered capital of RMB42,660,000, in which the Company holds 3.038% shares. In consideration that the shares held by the Company in it will help the Company improve its business competencies, including procuring raw materials/equipment, and developing and strengthening market and sales teams, and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income in February 2023.

4) Dyness Digital Energy Technology Co., Ltd. was established on August 17, 2017, with a registered capital of RMB112,023,809, in which the Company holds 1.7016% shares. In consideration that the shares held by the Company in it will help the Company improve its business competencies and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income in March 2023.

5) Shinwu Optronics (Suzhou) Co., Ltd. was established on October 19, 2006, with a registered capital of RMB57,754,000, in which the Company holds 1.7169% shares. In consideration that the shares held by the Company in it will help the Company improve its business competencies and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income in May 2023.

6) Jinan Moviebook Co., Ltd. was established on September 6, 2019, with a registered capital of RMB10,000,000, in which the Company holds 0.1995% shares. In consideration that the shares held by the Company in it will help the Company improve its business competencies and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income in October 2023.

17. Long-term receivables

(1) Particulars of long-term receivables

In RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Allowance for doubtful accounts	Carrying value	Book balance	Allowance for doubtful accounts	Carrying value	
Security deposit for finance lease	30,000,000.00		30,000,000.00	30,000,000.00		30,000,000.00	
Account receivable from Powerwave Technologies	10,703,905.76	10,703,905.76		10,703,905.76	10,703,905.76		7.5

(Thailand) Co., Ltd.							
Total	40,703,905.76	10,703,905.76	30,000,000.00	40,703,905.76	10,703,905.76	30,000,000.00	

(2) Long-term receivables by method of recognition of allowance for doubtful accounts

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	10,703,905.76	100.00%	10,703,905.76	100.00%		10,703,905.76	100.00%	10,703,905.76	100.00%	
Incl.:										
Incl.:										
Total	10,703,905.76	100.00%	10,703,905.76	100.00%		10,703,905.76	100.00%	10,703,905.76	100.00%	

18. Long-term equity investments

In RMB

Investee	Opening balance (carrying value)	Opening balance of allowance for impairment loss	Changes in the current period								Closing balance (carrying value)	Closing balance of allowance for impairment loss
			Additional investment	Reduced investment	Investment income or loss under equity method	Adjustment to other comprehensive income	Other changes in equity	Declared cash dividends or profit distribution	Allowance for impairment loss	Others		
I. Joint ventures												
II. Associates												
Suzhou Toprun Electric Equipment Co., Ltd.	24,240,829.48	51,487,204.05			-4,905,800.86						19,335,028.62	51,487,204.05
Shenzhen Nanfang Blog Technology Development Co., Ltd.		17,507,056.47										17,507,056.47
Shanghai Fushan Precision Manufacturing Co., Ltd.												
Suzhou LEGATE Intelligent Equipment Co., Ltd.	23,193,983.47				313,192.68						23,507,176.15	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,750,632.95				46,625.40						3,797,258.35	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	4,133,295.48				126,074.14						4,259,369.62	
Jiaozuo Songyang Optoelectric Technology Co., Ltd.	28,198,390.76				-1,444,609.69						26,753,781.07	
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	14,521,584.80		15,000,000.00		-3,605,790.74						25,915,794.06	
Isotek Microwave Limited	8,539,424.61								9,319,087.50	779,662.89		8,539,424.61
BVF (BVI) Holding L.P.	33,189,073.86				-830,200.69						32,358,873.17	
Shanghai Xinhuarui Semiconductor Technology Co., Ltd.			20,000,000.00		-520,401.15						19,479,598.85	
Subtotal	139,767,215.41	68,994,260.52	35,000,000.00	0.00	10,820,910.91	0.00	0.00	0.00	9,319,087.50	779,662.89	155,406,879.89	77,533,685.13
Total	139,767,215.41	68,994,260.52	35,000,000.00	0.00	10,820,910.91	0.00	0.00	0.00	9,319,087.50	779,662.89	155,406,879.89	77,533,685.13

Recoverable amount determined based on fair value net of disposal cost:

☐ Applicable ☒ N/A

Recoverable amount determined based on the present value of estimated future cash flows:

☐ Applicable ☒ N/A

Reason for significant differences between the information set out above and the information used in the prior year's impairment assessment or external information: None.

Reason for significant differences between the information used in the prior year's impairment assessment and the actual situation of the current year: None.

Other information: None.

19. Other non-current financial assets

20. Investment properties

(1) Investment properties at cost

☒ Applicable ☐ N/A

In RMB

Item	Buildings and structures	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	5,309,132.17			5,309,132.17
2. Increase				
(1) Acquired				
(2) Transferred from inventories/ fixed assets/ construction in progress				
(3) Increased due to business combinations				
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	5,309,132.17			5,309,132.17
II. Accumulated depreciation and amortization				
1. Opening balance	4,012,580.75			4,012,580.75
2. Increase	257,711.16			257,711.16
(1) Recognized or amortized	257,711.16			257,711.16
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	4,270,291.91			4,270,291.91
III. Allowance for impairment loss				
1. Opening balance				
2. Increase				
(1) Recognized				
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance				

IV. Carrying value				
1. Closing balance	1,038,840.26			1,038,840.26
2. Opening balance	1,296,551.42			1,296,551.42

Recoverable amount determined based on fair value net of disposal cost:

☐ Applicable ☒ N/A

Recoverable amount determined based on the present value of estimated future cash flows:

☐ Applicable ☒ N/A

(2) Investment properties measured at fair value

☐ Applicable ☒ N/A

21. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	12,415,251,689.80	10,673,700,468.47
Disposal of fixed assets		
Total	12,415,251,689.80	10,673,700,468.47

(1) Particulars of fixed assets

In RMB

Item	Buildings and structures	Machinery and equipment	Transport equipment	Office equipment and others	Total
I. Original value					
1. Opening balance	3,553,903,845.69	17,071,961,591.82	85,461,560.03	710,439,770.77	21,421,766,768.31
2. Increase	1,599,985,827.00	3,312,937,588.05	8,003,493.92	332,375,822.33	5,253,302,731.30
(1) Acquired	40,127,058.41	86,944,488.06	535,192.54	23,272,946.81	150,879,685.82
(2) Transferred from construction in progress	782,891,265.98	2,468,814,935.86	6,490,251.57	52,196,060.31	3,310,392,513.72
(3) Increased due to business combinations	776,947,298.06	735,744,640.81	978,049.81	256,764,704.88	1,770,434,693.56
(4) Differences in translation of foreign currency financial statements	20,204.55			142,110.33	162,314.88
(5) Acquisition of assets under finance lease		21,433,523.32			21,433,523.32
3. Decrease	21,736,488.30	587,738,052.73	3,839,031.88	27,252,924.66	640,566,497.57
(1) Disposed or retired	21,736,488.30	574,889,143.65	3,839,031.88	26,870,924.66	627,335,588.49
(2) Transferred to construction in progress		12,848,909.08		382,000.00	13,230,909.08
4. Closing balance	5,132,153,184.39	19,797,161,127.14	89,626,022.07	1,015,562,668.44	26,034,503,002.04
II. Accumulated depreciation					
1. Opening balance	1,363,250,836.30	8,841,977,675.42	59,378,769.89	467,938,526.96	10,732,545,808.57
2. Increase	877,611,038.91	2,133,335,285.57	6,505,312.64	268,975,559.99	3,286,427,197.11
(1) Recognized	185,600,274.02	1,559,316,868.68	5,627,554.36	77,708,641.89	1,828,253,338.95

(2) Differences in translation of foreign currency financial statements	11,023.13			111,143.77	122,166.90
(3) Increased due to business combinations	691,999,741.76	561,840,474.99	877,758.28	191,155,774.33	1,445,873,749.36
(4) Acquisition of assets under finance lease		12,177,941.90			12,177,941.90
3. Decrease	20,586,201.75	372,425,436.83	3,660,584.71	20,391,884.21	417,064,107.50
(1) Disposed or retired	20,586,201.75	366,420,754.97	3,660,584.71	20,230,595.25	410,898,136.68
(2) Transferred to construction in progress		6,004,681.86		161,288.96	6,165,970.82
4. Closing balance	2,220,275,673.46	10,602,887,524.16	62,223,497.82	716,522,202.74	13,601,908,898.18
III. Allowance for impairment loss					
1. Opening balance		14,962,205.52		558,285.75	15,520,491.27
2. Increase	4,570,236.72	640,129.99		148,431.45	5,358,798.16
(1) Recognized					
(2) Increased due to business combinations	4,570,236.72	640,129.99		148,431.45	5,358,798.16
3. Decrease		3,524,128.48		12,746.89	3,536,875.37
(1) Disposed or retired		3,524,128.48		12,746.89	3,536,875.37
4. Closing balance	4,570,236.72	12,078,207.03		693,970.31	17,342,414.06
IV. Carrying value					
1. Closing balance	2,907,307,274.21	9,182,195,395.95	27,402,524.25	298,346,495.39	12,415,251,689.80
2. Opening balance	2,190,653,009.39	8,215,021,710.88	26,082,790.14	241,942,958.06	10,673,700,468.47

(2) Temporary idle fixed assets**(3) Fixed assets leased out under operating leases****(4) Fixed assets whose property title certificates have not yet been obtained**

In RMB

Item	Carrying value	Reason for not obtaining the property title certificate
Factory buildings of Multek	62,075,953.78	Pending review

(5) Impairment assessment of fixed assets□ Applicable ☒ N/A**22. Construction in progress**

In RMB

Item	Closing balance	Opening balance
Construction in progress	1,842,525,188.54	1,813,183,815.67
Total	1,842,525,188.54	1,813,183,815.67

(1) Particulars of construction in progress

In RMB

Item	Closing balance			Opening balance		
	Book balance	Allowance for impairment loss	Carrying value	Book balance	Allowance for impairment loss	Carrying value
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	20,138,126.54		20,138,126.54	8,726,174.90		8,726,174.90
Multek PCB production line technology upgrading project				22,910,222.23		22,910,222.23
400,000 m ² fine line FPC production and assembly capacity expansion project				30,000,000.00		30,000,000.00
FPC for new energy application and assembly project of MFLEX Yancheng	15,994,322.82		15,994,322.82	15,615,783.77		15,615,783.77
IC substrate project of Chaowei Microelectronics (Yancheng) Co., Ltd.	75,645,464.25		75,645,464.25	212,665,663.71		212,665,663.71
Large-sized die-casting project of Yancheng Dongchuang	658,090,750.03		658,090,750.03	429,683,425.58		429,683,425.58
Kunshan new energy manufacturing base-related project	425,232,448.52		425,232,448.52	97,518,667.74		97,518,667.74
Mexico new energy manufacturing base-related project	999,896.91		999,896.91	11,656,038.90		11,656,038.90
MFLEX Yancheng Phase II project	35,619,454.33		35,619,454.33	228,417,694.07		228,417,694.07
MFLEX Suzhou Guoxiang Phase II and other production expansion projects	82,215,960.20		82,215,960.20	372,710,903.38		372,710,903.38
LCM business unit	46,535,180.88		46,535,180.88			
Installation equipment in progress and others	482,053,584.06		482,053,584.06	383,279,241.39		383,279,241.39
Total	1,842,525,188.54		1,842,525,188.54	1,813,183,815.67		1,813,183,815.67

(2) Changes in significant constructions in progress in the current period

In RMB

Project	Budget	Opening balance	Increase	Amount transferred to fixed assets	Other decreases	Closing balance	% of project costs to the budget	Progress	Aggregate amount of capitalized interest	Incl.: Capitalized interest this year	Rate of interest capitalization this year	Source of funds
Large-sized die-casting project of Yancheng Dongchuang	1,500,000,000.00	429,683,425.58	635,330,766.92	108,557,077.46	298,366,365.01	658,090,750.03	71.00%	71%				Others
Kunshan new energy manufacturing base-related project	1,800,000,000.00	97,518,667.74	455,486,587.72	127,772,806.94		425,232,448.52	30.72%	30.72%				Others
Total	3,300,000,000.00	527,202,093.32	1,090,817,354.64	236,329,884.40	298,366,365.01	1,083,323,198.55						

23. Productive biological assets**(1) Productive biological assets at cost**

☐ Applicable ☒ N/A

(2) Impairment assessment of productive biological assets at cost

☐ Applicable ☒ N/A

(3) Productive biological assets at fair value

☐ Applicable ☒ N/A

24. Oil and gas assets

☐ Applicable ☒ N/A

25. Right-of-use assets**(1) Particulars of right-of-use assets**

In RMB

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Land	Total
I. Original value					
1. Opening balance	1,051,602,685.11	21,511,443.18		93,200,186.63	1,166,314,314.92
2. Increase	370,660,463.87	32,269,798.63	345,470.00	475,280.00	403,751,012.50
(1) Leased	7,664,485.13	30,676,878.28			38,341,363.41
(2) Transferred from construction in progress	213,875,394.21				213,875,394.21
(3) Differences in translation of foreign currency financial statements	6,755,038.85				6,755,038.85
(4) Increased due to business combinations	142,365,545.68	1,592,920.35	345,470.00	475,280.00	144,779,216.03
3. Decrease	8,737,522.93	23,104,363.53		475,280.00	32,317,166.46
(1) Disposed	8,737,522.93	1,670,840.21		475,280.00	10,883,643.14
(2) Transferred to fixed assets		21,433,523.32			21,433,523.32
4. Closing balance	1,413,525,626.05	30,676,878.28	345,470.00	93,200,186.63	1,537,748,160.96
II. Accumulated depreciation					
1. Opening balance	198,953,601.81	10,773,943.44		5,518,515.66	215,246,060.91
2. Increase	86,621,585.81	4,046,273.17	269,898.56	1,957,876.72	92,895,634.26
(1) Recognized	70,451,623.47	3,950,698.54	129,551.28	1,482,596.72	76,014,470.01
(2) Differences in translation of foreign currency financial statements	822,374.04				822,374.04
(3) Increased due	15,347,588.30	95,574.63	140,347.28	475,280.00	16,058,790.21

to business combinations					
3. Decrease	8,737,522.93	13,848,782.11		475,280.00	23,061,585.04
(1) Disposed	8,737,522.93	1,670,840.21		475,280.00	10,883,643.14
(2) Acquisition of assets under finance lease		12,177,941.90			12,177,941.90
4. Closing balance	276,837,664.69	971,434.50	269,898.56	7,001,112.38	285,080,110.13
III. Allowance for impairment loss					
1. Opening balance					
2. Increase					
(1) Recognized					
3. Decrease					
(1) Disposed					
4. Closing balance					
IV. Carrying value					
1. Closing balance	1,136,687,961.36	29,705,443.78	75,571.44	86,199,074.25	1,252,668,050.83
2. Opening balance	852,649,083.30	10,737,499.74		87,681,670.97	951,068,254.01

(2) Impairment assessment of right-of-use assets

☐ Applicable ☒ N/A

26. Intangible assets

(1) Particulars of intangible assets

In RMB

Item	Land use right	Patent	Unpatented technology	Software	Trademark and patent	Development costs	Customer resources	Total
I. Original value								
1. Opening balance	249,003,308.43			232,519,348.24	140,567,942.35	6,733,029.45		628,823,628.47
2. Increase	380,091,277.46			131,169,220.17	14,150,943.41		207,803,629.23	733,215,070.27
(1) Acquired	205,681,870.87			3,011,984.82				208,693,855.69
(2) Internal R&D								
(3) Increased due to business combinations	123,630,406.59			92,148,597.19			207,803,629.23	423,582,633.01
(4) Differences in translation of foreign currency financial statements				453,336.36				453,336.36
(5) Transferred from construction in progress	50,779,000.00			35,555,301.80	14,150,943.41			100,485,245.21
3. Decrease				1,301,960.15				1,301,960.15
(1) Disposed				1,301,960.15				1,301,960.15
4. Closing balance	629,094,585.89			362,386,608.26	154,718,885.76	6,733,029.45	207,803,629.23	1,360,736,738.59
II. Accumulated amortization								
1. Opening balance	67,599,772.86			166,692,664.59	85,208,441.65	6,733,029.45		326,233,908.55
2. Increase	32,487,007.66			105,051,027.03	14,447,161.94		19,048,666.01	171,033,862.64
(1) Recognized	8,102,283.40			45,413,925.79	12,226,881.94		19,048,666.01	84,791,757.14
(2) Increased due to business combinations	24,384,724.26			59,184,865.67				83,569,589.93
(3) Differences in translation of foreign currency financial statements				452,235.57	2,220,280.00			2,672,515.57
3. Decrease				223,454.34				223,454.34

(1) Disposed				223,454.34				223,454.34
4. Closing balance	100,086,780.52			271,520,237.28	99,655,603.59	6,733,029.45	19,048,666.01	497,044,316.85
III. Allowance for impairment loss								
1. Opening balance								
2. Increase								
(1) Recognized								
3. Decrease								
(1) Disposed								
4. Closing balance								
IV. Carrying value								
1. Closing balance	529,007,805.37			90,866,370.98	55,063,282.17		188,754,963.22	863,692,421.74
2. Opening balance	181,403,535.57			65,826,683.65	55,359,500.70			302,589,719.92

27. Goodwill

(1) Original value of goodwill

In RMB

Investee or event giving rise to goodwill	Opening balance	Increase		Decrease		Closing balance
		Arising from business combination		Disposed		
MFLEX	1,770,752,915.84					1,770,752,915.84
Multek	179,329,062.90					179,329,062.90
Mutto Optronics	153,957,647.78					153,957,647.78
RF Top Electronic	135,001,580.53					135,001,580.53
Aranda asset group		50,502,380.96				50,502,380.96
Total	2,239,041,207.05	50,502,380.96				2,289,543,588.01

(2) Allowance for impairment of goodwill

In RMB

Investee or event giving rise to goodwill	Opening balance	Increase		Decrease		Closing balance
		Recognized		Disposed		
Mutto Optronics	38,233,132.28	29,242,600.72				67,475,733.00
Aranda asset group		4,000,219.86				4,000,219.86
RF Top Electronic	8,868,134.17					8,868,134.17
Total	47,101,266.45	33,242,820.58				80,344,087.03

(3) Information of asset group or combination of asset groups to which the goodwill belongs

Name	Composition of asset group or combination of asset group and basis for grouping	Business segment and basis for classification	Whether or not the same as prior years
MFLEX	All of its assets and liabilities when acquired by the Company	PCB, manufacturing circuit boards	Yes
Multek	All of its assets and liabilities when acquired by the Company	PCB, manufacturing circuit boards	Yes
Mutto Optronics	All of its assets and liabilities	Touch panel and LCM, manufacturing touch panels	Yes
RF Top Electronic	All of its assets and liabilities	Precision components, manufacturing ceramic filters	Yes

(4) Method of determination of recoverable amounts

Recoverable amount determined based on fair value net of disposal cost:

☐ Applicable ☒ N/A

Recoverable amount determined based on the present value of estimated future cash flows:

☒ Applicable ☐ N/A

In RMB

Item	Carrying value	Recoverable amount	Impairment loss	Forecast period	Key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the stable period
MFLEX	11,065,825,804.14	18,740,000,000.00		5 years	Revenue growth rate: 0.08%; margin growth rate: 16.65%	Revenue growth rate: 0%; margin growth rate: 16.19%	Pre-tax discount rate of 11.68%, determined based on the weighted average capital cost as adjusted
Multek	2,384,815,341.96	2,690,000,000.00		5 years	Revenue growth rate: 2.37%; margin growth rate: 16.86%	Revenue growth rate: 0%; margin growth rate: 16.74%	Pre-tax discount rate of 10.99%, determined based on the weighted average capital cost as adjusted
Mutto Optronics	449,242,600.72	420,000,000.00	29,242,600.72	5 years	Revenue growth rate: 2.61%; margin growth rate: 6.86%	Revenue growth rate: 0%; margin growth rate: 7.12%	Pre-tax discount rate of 10.84%, determined based on the weighted average capital cost as adjusted
RF Top Electronic	363,486,919.03	386,000,000.00		5 years	Revenue growth rate: 10.00%; margin growth rate: 20.68%	Revenue growth rate: 0%; margin growth rate: 24.69%	Pre-tax discount rate of 12.46%, determined based on the weighted average capital cost as adjusted
Total	14,263,370,665.85	22,236,000,000.00	29,242,600.72				

Note: The increase in the allowance for impairment of goodwill was primarily due to a goodwill impairment recognized as a result of the reversal of deferred tax liabilities arising from an increase in the appraised value of Aranda acquired by the Company, and the effect of goodwill impairment assessment.

1) According to the Valuation Report (Canwin Valuation Report [2024] No. 2-12) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for MFLEX was RMB18,740,000,000.00, which was higher than its carrying value of RMB7,674,174,195.86, so the goodwill was not impaired.

2) According to the Valuation Report (Canwin Valuation Report [2024] No. 2-13) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Multek was RMB2,690,000,000.00, which was higher than its carrying value of RMB305,184,658.04, so the goodwill was not impaired.

3) According to the Valuation Report (Canwin Valuation Report [2024] No. 2-13) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Mutto Optronics was RMB420,000,000.00, while its carrying value was RMB449,242,600.72, so a goodwill impairment of RMB29,242,600.72 was recognized.

4) According to the Valuation Report (Zhongsheng Valuation Report [2024] No. 0067) issued by Zhongsheng Appraisal & Consulting Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for RF Top Electronic was RMB386,000,000.00, which was higher than its carrying value of RMB22,513,080.97, so the goodwill was not impaired.

(5) The completion of performance commitments and corresponding goodwill impairment

Goodwill was recognized based on performance commitments made during the reporting period or the preceding period of performance commitments.

☐ Applicable ☒ N/A

28. Long-term deferred expenses

In RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration costs of fixed assets and others	501,517,044.33	619,495,951.41	254,140,804.53		866,872,191.21
Total	501,517,044.33	619,495,951.41	254,140,804.53		866,872,191.21

29. Deferred tax assets/deferred tax liabilities**(1) Deferred tax assets not offset**

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Allowance for impairment of assets	800,118,130.88	128,429,874.02	1,152,275,069.45	181,401,380.14
Deductible losses	2,579,402,663.68	389,544,407.25	1,466,877,523.35	222,911,742.77
Fixed assets	55,181,543.30	13,469,931.13	200,864,027.50	30,334,952.34
Accrued expenses	132,769,288.28	26,353,080.15	200,467,698.35	40,863,348.65
Lease liabilities	1,872,497,186.10	342,955,848.83	1,671,260,217.63	271,245,622.44
Unrealized inter-company transactions	255,979,699.52	59,652,829.61		
Provisions	57,512,864.31	10,480,061.52	69,202,183.16	12,324,185.63
Deferred income	660,215,044.53	107,254,395.87	747,587,634.12	121,151,814.13
Total	6,413,676,420.60	1,078,140,428.38	5,508,534,353.56	880,233,046.10

(2) Deferred tax liabilities not offset

In RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
One-off deduction of depreciation of fixed assets	1,588,082,312.80	318,338,339.27	1,803,750,324.83	380,449,918.63
Accrued interest income and others	86,995,017.26	18,917,600.59	69,638,588.72	14,859,117.31
Right-of-use assets	1,252,668,050.83	266,830,422.09	1,298,935,545.47	252,034,574.31
Income tax payable due to increase in appraised value	384,245,651.82	87,206,749.88		
Total	3,311,991,032.71	691,293,111.83	3,172,324,459.02	647,343,610.25

(3) Deferred tax assets and deferred tax liabilities presented on a netting basis

In RMB

Item	Closing offset amount of deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after offset	Opening offset amount of deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets		1,078,140,428.38		787,330,085.52
Deferred tax liabilities		691,678,802.70		554,440,649.67

(4) Unrecognized deferred tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	1,045,519,017.80	917,684,269.16
Deductible losses	470,774,420.57	460,552,464.56
Total	1,516,293,438.37	1,378,236,733.72

(5) Deductible losses on unrecognized deferred tax assets that will expire in the following years

In RMB

Year	Closing balance	Opening balance	Remark
2023		13,996,117.83	
2024	40,403,329.83	40,403,329.83	
2025	100,804,003.97	100,804,003.97	
2026	39,377,012.01	39,377,012.01	
2027	265,972,000.92	265,972,000.92	
2028	24,218,073.84		
Total	470,774,420.57	460,552,464.56	

30. Other non-current assets

In RMB

Item	Closing balance			Opening balance		
	Book balance	Allowance for impairment loss	Carrying value	Book balance	Allowance for impairment loss	Carrying value
Deferred income – unrealized gain or loss on sale and leaseback	26,662,462.41		26,662,462.41	33,780,926.88		33,780,926.88
Prepayment for projects and equipment	906,360,511.93		906,360,511.93	838,731,849.70		838,731,849.70
Total	933,022,974.34		933,022,974.34	872,512,776.58		872,512,776.58

31. Assets subject to restrictions on ownership or right of use

In RMB

Item	Closing balance				Opening balance			
	Book balance	Carrying value	Type of restriction	Reason of restriction	Book balance	Carrying value	Type of restriction	Reason of restriction
Cash and bank balances	1,315,351,783.39	1,315,351,783.39	Pledge	Security deposit for bills, etc.	1,674,175,995.02	1,674,175,995.02	Pledge	Security deposit for bills, etc.
Notes receivable	130,000,000.00	130,000,000.00	Pledge	Discounted but yet not matured bills				
Fixed assets	784,051,228.85	418,641,701.59	Mortgage	Security for loans, sales and leaseback	751,006,098.07	459,521,491.55	Mortgage	Security for loans, sale and leaseback
Accounts receivable financing	172,685,965.02	172,685,965.02	Pledge	Pledge of bills	441,621,937.83	441,621,937.83	Pledge	Pledge of bills
Right-of-	1,535,413,001.39	1,252,668,050.83	Mortgage	Finance lease	1,166,314,314.92	951,068,254.01	Mortgage	Finance lease

use assets								
Accounts receivable	96,168,092.66	96,168,092.66	Pledge	Factoring				
Total	4,033,670,071.31	3,385,515,593.49			4,033,118,345.84	3,526,387,678.41		

32. Short-term borrowings

(1) Short-term borrowings by category

In RMB

Item	Closing balance	Opening balance
Pledge loans		747,939,478.37
Credit loans	4,376,608,244.06	5,734,146,965.18
Discounting and factoring of notes, letters of credit and accounts receivable	779,491,972.95	1,312,323,501.13
Total	5,156,100,217.01	7,794,409,944.68

33. Financial liabilities held for trading

In RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	104,174,076.23	91,517,116.89
Incl.:		
Derivative financial liabilities	104,174,076.23	91,517,116.89
Incl.:		
Total	104,174,076.23	91,517,116.89

34. Derivative financial liabilities

35. Notes payable

In RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	52,292,024.62	280,442,316.20
Banker's acceptance bills	856,879,191.31	1,727,963,543.99
Total	909,171,215.93	2,008,405,860.19

36. Accounts payable

In RMB

Item	Closing balance	Opening balance
Payment for materials	6,672,185,481.42	5,156,025,655.74
Payment for projects and equipment	1,055,789,013.23	563,403,370.98
Others	311,132,681.87	266,857,563.60
Total	8,039,107,176.52	5,986,286,590.32

37. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	80,188,628.54	54,324,601.72
Total	80,188,628.54	54,324,601.72

1) Other payables by nature

In RMB

Item	Closing balance	Opening balance
Temporary receipts payable	60,966,287.79	30,358,476.53
Others	19,222,340.75	23,966,125.19
Total	80,188,628.54	54,324,601.72

38. Advances from clients**39. Contract liabilities**

In RMB

Item	Closing balance	Opening balance
Trade payables	28,982,676.07	26,193,456.12
Total	28,982,676.07	26,193,456.12

40. Employee benefits payable**(1) Employee benefits payable**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	490,065,662.97	4,120,276,390.76	4,070,078,098.37	540,263,955.36
II. Post-employment benefits - defined contribution plans	10,059,652.33	292,066,802.24	289,211,429.25	12,915,025.32
III. Termination benefits		4,181,685.07	4,181,685.07	
Total	500,125,315.30	4,416,524,878.07	4,363,471,212.69	553,178,980.68

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages, bonuses, allowances and subsidies	477,783,158.98	3,582,146,645.16	3,529,704,788.53	530,225,015.61
2. Staff welfare	8,347,077.03	233,793,571.45	242,140,648.48	
3. Social insurance contributions	3,307,563.55	150,428,864.50	148,108,817.90	5,627,610.15
Workers' compensation insurance	290,015.13	8,735,380.68	8,591,031.45	434,364.36
Medical and maternity insurance	3,017,548.42	141,693,483.82	139,517,786.45	5,193,245.79
4. Housing provident fund	565,575.35	139,484,492.85	137,395,679.32	2,654,388.88
5. Trade union fund and employee education fund	62,288.06	14,422,816.80	12,728,164.14	1,756,940.72
Total	490,065,662.97	4,120,276,390.76	4,070,078,098.37	540,263,955.36

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	9,558,389.21	281,944,662.57	279,185,813.20	12,317,238.58
2. Unemployment insurance	501,263.12	10,122,139.67	10,025,616.05	597,786.74
Total	10,059,652.33	292,066,802.24	289,211,429.25	12,915,025.32

41. Taxes payable

In RMB

Item	Closing balance	Opening balance
Value-added tax	15,906,070.71	51,132,065.23

Enterprise income tax	425,307,243.33	339,281,179.49
Individual income tax	7,474,547.48	6,334,094.56
Urban maintenance and construction tax	6,227,121.91	3,920,049.58
Property tax	8,141,101.87	3,841,808.72
Stamp duty	6,471,998.78	4,553,692.87
Education surcharge	2,672,083.16	1,765,890.80
Land use tax	735,915.46	267,878.11
Local education surcharge	1,781,388.79	1,061,118.33
Other taxes	858,735.34	132,003.25
Total	475,576,206.83	412,289,780.94

42. Liabilities held for trading**43. Non-current liabilities due within one year**

In RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,467,018,914.05	1,165,803,694.70
Lease liabilities due within one year	29,697,992.30	23,941,171.43
Total	2,496,716,906.35	1,189,744,866.13

44. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Output tax to be recognized	6,556,017.38	4,476,657.36
Total	6,556,017.38	4,476,657.36

45. Long-term borrowings**(1) Long-term borrowings by category**

In RMB

Item	Closing balance	Opening balance
Pledge loans	764,600,000.00	
Credit loans	3,741,405,477.65	2,583,821,643.49
Guaranteed and pledge loans		100,000,000.00
Mortgage and guaranteed loans	200,274,861.11	514,000,000.00
Total	4,706,280,338.76	3,197,821,643.49

46. Bonds payable**47. Lease liabilities**

In RMB

Item	Closing balance	Opening balance
Lease obligations payable	2,098,735,814.79	1,985,857,535.57
Less: Unrecognized financing costs	-255,936,620.99	-338,538,489.37
Total	1,842,799,193.80	1,647,319,046.20

48. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payables	296,995,789.48	
Total	296,995,789.48	

(1) Long-term payables by nature

In RMB

Item	Closing balance	Opening balance
Share purchase price	296,995,789.48	

49. Long-term employee benefits payable**50. Provisions**

In RMB

Item	Closing balance	Opening balance	Reason
------	-----------------	-----------------	--------

Product warranty	30,235,945.92	42,352,230.73	
Provision for sales return	30,549,264.52	26,849,952.43	
Total	60,785,210.44	69,202,183.16	

51. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	747,587,634.12	131,751,774.19	145,882,723.14	733,456,685.17	Government grants
Total	747,587,634.12	131,751,774.19	145,882,723.14	733,456,685.17	--

52. Other non-current liabilities**53. Share capital**

In RMB

Item	Opening balance	+/-					Closing balance
		New issue	Bonus shares	Capitalization of capital reserve	Others	Subtotal	
Total shares	1,709,867,327.00						1,709,867,327.00

54. Other equity instruments**55. Capital reserve**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	7,896,510,906.74			7,896,510,906.74
Other capital reserve	158,383,174.03	8,874,328.96		167,257,502.99
Total	8,054,894,080.77	8,874,328.96		8,063,768,409.73

Other information: The change in capital reserve was due to share-based payments recognized under ESOPs in the current period.

56. Treasury shares

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares	125,906,811.33			125,906,811.33
Total	125,906,811.33			125,906,811.33

57. Other comprehensive income

In RMB

Item	Balance on January 1, 2023	2023						Balance on December 31, 2023
		Amount before tax	Less: Other comprehensive income reclassified to profit or loss	Less: Other comprehensive income reclassified to retained earnings	Less: Income tax expenses	Amount attributable to the parent after tax	Amount attributable to minor interest after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss	-350,000,000.00							-350,000,000.00
Change in fair value of investments in other equity instruments	-350,000,000.00							-350,000,000.00
II. Other comprehensive income that will be reclassified to profit or loss	-342,976,005.21	-84,114,998.93	-72,938,763.54		10,512,338.04	-21,688,573.43		-364,664,578.64
Reserves for cash flow hedge	-57,469,963.42	-22,510,955.72	-72,938,763.54		10,512,338.04	39,915,469.78		-17,554,493.64
Differences in translation of foreign currency financial statements	-285,506,041.79	-61,604,043.21				-61,604,043.21		-347,110,085.00
Total other comprehensive income	-692,976,005.21	-84,114,998.93	-72,938,763.54		10,512,338.04	-21,688,573.43		-714,664,578.64

58. Special reserve**59. Surplus reserve**

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	135,347,835.10	49,519,034.63		184,866,869.73
Total	135,347,835.10	49,519,034.63		184,866,869.73

60. Retained profits

In RMB

Item	2023	2022
Balance of retained profits at the end of the previous period before adjustment	7,297,404,445.02	5,275,515,670.63
Total adjustment to the opening balance of retained profits after adjustment (decrease expressed with “-”)		18,372,951.79
Opening balance of retained profits after adjustment	7,297,404,445.02	5,293,888,622.42
Add: Net profit attributable to owners of the parent	1,964,525,269.65	2,368,347,970.02
Less: Appropriation to statutory surplus reserve	49,519,034.63	23,649,519.95
Dividends payable to the ordinary shareholders	187,315,150.99	341,182,627.47
Closing balance of retained profits	9,025,095,529.05	7,297,404,445.02

Particulars of adjustment to the retained profits at the beginning of the current period:

- 1) Effect of retrospective adjustment pursuant to the CASBEs and related new provisions thereunder on the opening balance of retained profits: Nil.
- 2) Effect of changes in accounting policies on the opening balance of retained profits: RMB18,372,951.79.
- 3) Effect of correction of material accounting errors on the opening balance of retained profits: Nil.
- 4) Effect of changes in the scope of consolidation resulting from business combinations involving entities under common control on the opening balance of retained profits: Nil.
- 5) Cumulative effect of other adjustments on the opening balance of retained profits: Nil.

61. Operating revenue and operating costs

In RMB

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
Primary business	33,475,973,831.47	28,425,160,342.65	31,450,821,150.93	25,961,338,699.87
Other business	175,231,637.33	116,480,700.09	129,325,581.65	59,340,633.37
Total	33,651,205,468.80	28,541,641,042.74	31,580,146,732.58	26,020,679,333.24

Whether the lower of the net profit before and after the deduction of non-recurring gain or loss is negative?

☐ Yes ☒ No

62. Taxes and surcharges

In RMB

Item	2023	2022
Urban maintenance and construction tax	42,047,978.00	42,173,074.00
Education surcharge	18,986,817.25	18,333,969.54
Property tax	24,366,953.46	16,738,300.91
Land use tax	1,981,401.11	1,587,701.79
Vehicle and vessel tax	53,430.27	9,563.33
Stamp duty	21,991,019.79	14,176,516.91
Environmental protection tax	807,946.43	404,606.40
Local education surcharge	12,733,547.98	12,228,157.62
Total	122,969,094.29	105,651,890.50

63. Administrative expenses

In RMB

Item	2023	2022
Employee benefits	467,679,720.20	445,921,834.05
Depreciation and amortization	156,374,496.81	124,492,061.14

Consulting service fees	82,075,606.89	58,050,066.27
Office expenses	51,393,464.05	44,182,104.24
Entertainment expenses	72,376,322.16	44,097,815.99
Travel expenses	21,691,454.80	15,460,221.90
Rents	3,992,796.13	10,211,075.07
Repair costs	30,527,647.62	19,422,207.36
Taxes	999,118.09	1,409,194.20
Others	70,213,292.11	52,415,906.67
Total	957,323,918.86	815,662,486.89

64. Selling expenses

In RMB

Item	2023	2022
Employee benefits	203,487,546.56	178,775,039.38
Sales service fees	63,214,240.46	35,375,649.64
Export charges	17,420,576.66	24,666,048.57
Travel expenses	11,187,985.21	26,656,711.23
Entertainment expenses	24,420,099.35	18,403,395.91
Others	42,363,653.52	69,116,608.77
Total	362,094,101.76	352,993,453.50

65. R&D expenses

In RMB

Item	2023	2022
Direct costs	476,990,832.66	448,026,811.32
Labor costs	499,166,662.04	367,119,066.09
Depreciation and amortization	86,545,177.50	76,160,187.19
Others	98,487,602.28	48,779,387.38
Total	1,161,190,274.48	940,085,451.98

66. Financial expenses

In RMB

Item	2023	2022
Interest expenses	370,433,774.62	302,704,601.47
Interest on leases and financing fees	93,255,168.88	80,950,330.25
Less: Interest income	-225,593,949.55	-42,128,725.22
Add: Exchange loss	-93,398,783.31	-204,336,793.36
Bank charges and others	44,435,526.05	62,443,691.35
Total	189,131,736.69	199,633,104.49

67. Other income

In RMB

Sources of other income	2023	2022
Government grants related to assets	145,882,723.14	142,868,540.16
Government grants related to income	102,195,944.89	174,748,593.64
Refund of individual income tax withholding service fees	1,803,288.48	956,961.84

68. Net exposure hedging income**69. Gain on changes in fair value**

In RMB

Source of gain on changes in fair value	2023	2022
Financial assets held for trading	-9,740,779.67	-66,613,459.50
Total	-9,740,779.67	-66,613,459.50

70. Investment income

In RMB

Item	2023	2022
Income from long-term equity investments under the equity method	-10,820,910.91	-3,353,804.37

Investment income from financial assets held for trading during the holding period	6,960,501.71	6,348,937.52
Investment income from the disposal of financial assets held for trading	17,064,250.96	7,015,976.12
Discount loss on accounts receivable financing	-9,045,317.41	-10,933,498.09
Total	4,158,524.35	-922,388.82

71. Credit loss

In RMB

Item	2023	2022
Loss from doubtful accounts	-39,436,689.63	-76,228,643.25
Total	-39,436,689.63	-76,228,643.25

72. Impairment loss on assets

In RMB

Item	2023	2022
I. Impairment of inventories and contract fulfilling costs	-397,214,961.29	-441,556,620.37
II. Impairment of long-term equity investments	-9,319,087.50	
IV. Impairment of fixed assets		-11,049,705.17
X. Impairment of goodwill	-33,242,820.58	-19,782,833.44
XII. Others	1,100,106.59	4,184,595.15
Total	-438,676,762.78	-468,204,563.83

73. Gain on disposal of assets

In RMB

Source of gain on disposal of assets	2023	2022
Gain on disposal of fixed assets	-18,240,640.06	-5,513,221.27

74. Non-operating revenue

In RMB

Item	2023	2022	Amount recognized in non-recurring gain or loss
Penalties	3,153,492.52	7,926,374.74	3,153,492.52
Amounts that cannot be paid	2,085,714.60	3,996,486.25	2,085,714.60
Others	1,426,664.84	289,484.75	1,426,664.84
Investment income	134,812,863.84		134,812,863.84
Total	141,478,735.80	12,212,345.74	

75. Non-operating expenses

In RMB

Item	2023	2022	Amount recognized in non-recurring gain or loss
Donations	3,522,368.13	6,916,600.00	3,522,368.13
Loss on destruction and retirement of non-current assets	8,127,234.15	8,707,696.75	8,127,234.15
Penalties, overdue fines and liquidated damages	605,672.00	1,440,637.80	605,672.00
Others	2,936,415.30	781,275.49	2,936,415.30
Total	15,191,689.58	17,846,210.04	

76. Income tax expenses**(1) Statement of income tax expenses**

In RMB

Item	2023	2022
Income tax expense	566,656,749.91	447,982,671.47
Deferred income tax expenses	-340,618,962.41	24,853,791.34
Total	226,037,787.50	472,836,462.81

(2) Reconciliation of income tax expenses to accounting profit

In RMB

Item	2023
Total profit	2,191,087,954.92
Income tax expenses calculated based on statutory/applicable tax rate	328,663,193.24
Effect of different tax rates applicable to subsidiaries	21,407,363.25
Effect of adjustment of income taxes for prior years	-80,205,723.18
Effect of non-deductible costs, expenses and losses	4,796,799.62
Effect of deductible temporary differences or deductible losses not recognized for deferred tax assets for the current period	19,985,704.42
Effect of super deduction of R&D expenses	-68,609,549.85
Income tax expenses	226,037,787.50

77. Other comprehensive income

See Notes to the Financial Statements.

78. Items of the cash flow statement**(1) Cash flows related to operating activities**

Other cash receipts related to operating activities:

In RMB

Item	2023	2022
Security deposit for acceptance bills	619,568,010.65	406,241,523.96
Government grants	200,684,445.55	379,880,087.27
Interest income	210,139,325.51	42,128,725.22
Temporary receipts payable and others	34,254,072.08	27,886,394.91
Total	1,064,645,853.79	856,136,731.36

Other cash payments related to operating activities

In RMB

Item	2023	2022
Security deposit for acceptance bills	447,811,795.42	767,949,563.14
Payment of period expenses in cash	589,898,141.45	470,246,313.16
Bank charges	44,435,526.05	62,443,691.35
Temporary payments receivable and others	1,748,926.64	36,575,288.51
Total	1,083,894,389.56	1,337,214,856.16

(2) Cash flows related to investing activities

Other cash receipts related to investing activities

In RMB

Item	2023	2022
Recovery of term deposits	439,820,656.38	228,424,521.00
Recovery of performance compensation		7,000,000.00
Total	439,820,656.38	235,424,521.00

Other cash payments related to investing activities

In RMB

Item	2023	2022
Term deposits	682,400,228.05	455,064,192.71
Security deposit for the acquisition	226,168,789.48	
Total	908,569,017.53	455,064,192.71

(3) Cash flows related to financing activities

Other cash receipts related to financing activities

In RMB

Item	2023	2022
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Security deposits	599,543,791.66	826,870,220.72
Proceeds from discounts on acceptance bills and letters of credit	729,491,972.95	1,312,323,501.13
Total	1,329,035,764.61	2,139,193,721.85

Other cash payments related to financing activities

In RMB

Item	2023	2022
Security deposits	261,577,385.74	453,162,239.17
Payment of rents	183,001,957.26	253,811,187.11
Payments under bill financing	1,297,119,441.20	1,337,897,642.56
Repurchase of shares		49,990,856.17
Acquisition of minority interests in RF Top Electronic		97,834,888.06
Total	1,741,698,784.20	2,192,696,813.07

Changes in liabilities arising from financing activities

☐ Applicable ☒ N/A**79. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

In RMB

Supplementary information	2023	2022
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,965,050,167.42	2,368,062,503.84
Add: Allowance for impairment of assets	478,113,452.41	544,433,207.08
Depreciation of fixed assets, oil and gas assets, and productive biological assets	1,828,511,050.11	1,697,771,894.84
Depreciation of right-of-use assets	76,014,470.01	100,106,051.84
Amortization of intangible assets	84,791,757.14	57,776,055.04
Amortization of long-term deferred expenses	254,140,804.53	157,201,034.52
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	18,240,640.06	5,513,221.27
Loss on retirement of fixed assets (gain expressed with "-")	8,127,234.15	8,707,696.75
Loss on changes in fair value (gain expressed with "-")	9,740,779.67	66,613,459.50
Financial expenses (income expressed with "-")	356,010,007.62	179,318,138.36
Investment loss (income expressed with "-")	-13,203,841.76	-10,011,109.27
Decrease in deferred tax assets (increase expressed with "-")	-197,907,382.28	-279,275,317.07
Increase in deferred tax liabilities (decrease expressed with "-")	-7,551,164.41	304,128,458.41
Decrease in inventories (increase expressed with "-")	-528,190,428.16	-160,903,575.10
Decrease in trade receivables (increase expressed with "-")	268,250,724.76	625,999,220.48
Increase in trade payables (decrease expressed with "-")	698,298,848.99	-1,052,291,844.61
Others	-126,017,650.06	16,734,915.50
Net cash flows from operating activities	5,172,419,470.20	4,629,884,011.38
2. Significant investing and financing activities not involving cash receipts and payments		
Debt-to-capital swap		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance		

leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,644,487,018.31	5,457,026,822.70
Less: Opening balance of cash	5,457,026,822.70	3,939,301,126.79
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	187,460,195.61	1,517,725,695.91

(2) Net cash paid for the acquisition of subsidiaries in the current period**(3) Net cash received from the disposal of subsidiaries in the current period****(4) Components of cash and cash equivalents**

In RMB

Item	Closing balance	Opening balance
I. Cash	5,644,487,018.31	5,457,026,822.70
Incl.: Cash on hand	559,941.39	340,651.93
Bank deposits immediately available for withdrawal	5,643,927,076.92	5,456,686,170.77
III. Closing balance of cash and cash equivalents	5,644,487,018.31	5,457,026,822.70

(5) Amounts subject to restriction on use but still presented as cash and cash equivalents

In RMB

Item	2023	2022	Reason for presentation as cash and cash equivalents
Offering proceeds	30,654,962.53	104,031,255.89	Immediately available for withdrawal despite of restriction on use
Total	30,654,962.53	104,031,255.89	

(6) Cash and bank balances not classified as cash and cash equivalents

In RMB

Item	2023	2022	Reason for not classified as cash and cash equivalents
Term deposits and interest	690,180,814.95	455,064,192.71	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for bills	497,103,353.58	889,734,249.82	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for the acquisition	230,197,429.36		May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for letters of credit	73,225,915.43	59,093,243.44	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for letters of guarantee	54,841,699.43	87,288,309.05	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for loans		174,646,000.00	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for foreign exchange transactions		8,350,000.00	May be unavailable for withdrawal due to pledge, freeze or otherwise
Total	1,545,549,212.75	1,674,175,995.02	

80. Notes to items of the statement of changes in owners' equity

Titles of items under "others" whose balance at the end of the previous year was adjusted and amount of adjustment:

81. Monetary items denominated in foreign currencies**(1) Monetary items denominated in foreign currencies**

In RMB

Item	Closing balance in foreign	Exchange rate	Closing balance in RMB
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	currency		
Cash and bank balances			
Incl.: USD	558,879,977.22	7.0827	3,958,379,214.66
EUR	571,300.04	7.8592	4,489,961.27
HKD	1,332,881.14	0.9062	1,207,856.89
KRW	11,568,030.00	0.0055	63,624.17
SGD	4,411,846.57	5.3772	23,723,381.38
NTD	261,627.00	0.2314	60,540.49
JPY	200,982.36	0.0502	10,089.31
SEK	9,674.71	0.7110	6,878.72
MXN	7,963,587.98	0.4181	3,329,576.13
THB	43,843,261.44	0.2074	9,093,092.42
Accounts receivable			
Incl.: USD	868,151,602.60	7.0827	6,148,857,355.74
EUR	74,192.00	7.8592	583,089.77
HKD			
JPY	2,582,351.20	0.0502	129,634.03
MXN	733,568.66	0.4181	306,705.06
Long-term borrowings			
Incl.: USD	6,216,932.28	7.0827	44,032,666.26
EUR			
HKD			
Other receivables			5,582,005.98
Incl.: USD	612,024.52	7.0827	4,334,786.07
NTD	13,000.00	0.2314	3,008.20
MXN	2,975,871.10	0.4181	1,244,211.71
Short-term borrowings			317,746,358.48
Incl.: USD	40,645,713.99	7.0827	287,881,398.48
EUR	3,800,000.00	7.8592	29,864,960.00
Accounts payable			3,080,098,899.87
Incl.: USD	432,437,416.05	7.0827	3,062,824,486.66
EUR	439,112.92	7.8592	3,451,076.26
JPY	275,327,745.00	0.0502	13,821,452.80
SEK	2,650.00	0.7110	1,884.15
Employee benefits payable			106,710,962.50
Incl.: USD	15,005,314.31	7.0827	106,278,139.66
MXN	1,035,213.69	0.4181	432,822.84
Taxes payable			129,467,727.16
Incl.: USD	18,182,287.29	7.0827	128,779,686.19
MXN	1,645,637.34	0.4181	688,040.97
Other payables			19,978,118.28
Incl.: USD	2,609,716.00	7.0827	18,483,835.51
JPY	2,747,701.00	0.0502	137,934.59
MXN	3,244,076.01	0.4181	1,356,348.18
Non-current liabilities due within one year			1,863,699.39
Incl.: USD	263,134.03	7.0827	1,863,699.39

(2) Information about overseas operating entities, including main places of business and functional currencies of major overseas operating entities, basis for the choice of functional currencies, and reasons for changes in functional currencies:

☐ Applicable ☒ N/A

82. Leases

(1) The Company as the lessee

☒ Applicable ☐ N/A

Variable lease payments not included in lease liabilities:

☐ Applicable ☒ N/A

Lease expenses under short-term leases and leases of low-value assets using the simplified approach:

☐Applicable ☒N/A

Sale and leaseback transactions:

(2) The Company as the lessor

The Company as lessor under operating leases

☒Applicable ☐N/A

In RMB

Item	Rental income	Incl.: Income related to variable lease payments not included in lease receipts
Rental income	2,074,264.15	
Total	2,074,264.15	

The Company as lessor under finance leases

☐Applicable ☒N/A

Annual undiscounted lease receipts in the following five years:

☐Applicable ☒N/A

Reconciliation of undiscounted lease receipts to net investment in leases:

(3) Gain or loss on sales under finance leases as producer or distributor

☐Applicable ☒N/A

VIII. Research and Development Expenses

In RMB

Item	2023	2022
Direct costs	476,990,832.66	448,026,811.32
Labor costs	499,166,662.04	367,119,066.09
Depreciation	86,545,177.50	76,160,187.19
Others	98,487,602.28	48,779,387.38
Total	1,161,190,274.48	940,085,451.98
Incl.: Expensed research and development expenses	1,161,190,274.48	940,085,451.98

IX. Changes in the Scope of Consolidation

1. Business combination involving entities not under common control

(1) Business combination involving entities not under common control effected in the current period

In RMB

Acquiree	Time of acquisition of shares	Acquisition cost	Percentage of shares acquired	Method of acquisition	Acquisition date	Basis for determining the acquisition date	Revenues of the acquiree from the acquisition date till the end of the current period	Net profit of the acquiree from the acquisition date till the end of the current period	Cash flows of the acquiree from the acquisition date till the end of the current period
Suzhou JDI	February 1, 2023	1,382,684,003.83	100.00%	Acquisition	February 1, 2023	When the control is actually gained	2,514,129,505.84	128,984,222.52	-248,837,791.83
Aranda	February 1, 2023	360,773,589.22	100.00%	Acquisition	February 1, 2023	When the control is actually gained	367,294,065.03	-12,895,662.95	30,193,527.70

(2) Acquisition cost and goodwill

In RMB

Acquisition cost	Suzhou JDI	Aranda
--Cash	1,382,684,003.83	289,946,589.22
--Fair value of non-cash assets		
--Fair value of liabilities issued or assumed		
--Fair value of equity securities issued		
--Fair value of contingent consideration		70,827,000.00
--Fair value of shares at the acquisition date held prior to the acquisition date		

--Others		
Total acquisition cost	1,382,684,003.83	360,773,589.22
Less: Share of fair value of identifiable net assets acquired	1,517,496,867.67	310,271,208.26
Excess of the share of fair value of identifiable net assets acquired over goodwill/acquisition cost	-134,812,863.84	50,502,380.96

Method for determining the fair value of acquisition cost: The acquisition cost of Suzhou JDI is the amount of cash paid by the acquirer for gaining control over the acquiree at the acquisition date.

Contingent consideration and changes therein: The acquisition cost of Aranda is the sum of cash and fair value of contingent consideration paid or payable by the acquirer for gaining control over the acquiree at the acquisition date; where the contingent consideration depends on the future results of operation of Aranda, and is up to USD10 million. The fair value of contingent consideration is determined by applying the exchange rate prevailing at the acquisition date to USD1000, the maximum amount payable in the future.

(3) Identifiable assets and liabilities of the acquirees at the acquisition date

In RMB

	Suzhou JDI		Aranda	
	Fair value at the acquisition date	Carrying value at the acquisition date	Fair value at the acquisition date	Carrying value at the acquisition date
Assets:	1,817,532,018.97	1,614,138,284.07	544,168,939.62	336,365,310.40
Cash and bank balances	503,174,580.68	503,174,580.68	8,681,780.00	8,681,780.00
Accounts receivable	404,450,501.88	404,450,501.88	61,622,190.43	61,622,190.43
Inventories	338,247,580.15	336,044,706.24	23,865,137.30	23,865,137.30
Fixed assets	350,430,429.36	255,511,571.22	73,667,928.80	73,667,928.80
Intangible assets	139,415,048.00	33,143,045.15	207,803,629.22	
Deferred tax assets	346,501.93	346,501.93		
Liabilities:	248,455,370.13	251,064,299.20	233,897,731.36	190,258,969.22
Borrowings				
Accounts payable	190,671,256.87	190,671,256.87	36,554,844.60	36,554,844.60
Deferred tax liabilities	51,926,283.10	425,617.11	43,638,762.14	
Deferred income	869,643.03	3,478,572.10		
Net assets	1,517,496,867.67	1,362,994,869.69	310,271,208.26	146,106,341.18
Less: Minority interests				
Net assets acquired	1,517,496,867.67	1,362,994,869.69	310,271,208.26	146,106,341.18

(4) Gain or loss on remeasurement of fair value of shares held prior to the acquisition date

Whether the control over any acquiree was gained during the current period as a result of business combination effected through multiple transactions by steps?

☐ Yes ☒ No

2. Business combination involving entities under common control

3. Reverse acquisition

4. Disposal of subsidiaries

Whether the control over any subsidiary was lost as a result of disposal of investment in such subsidiary through a single transaction?

☐ Yes ☒ No

Whether the control over any subsidiary was lost during the current period as a result of the disposal of investment in such subsidiary through multiple transactions by steps?

☐ Yes ☒ No

5. Changes in the scope of consolidation due to other reasons

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Registered capital	Percentage of capital contribution
Suzhou Dongdi Holding Limited	Established	February 13, 2023	RMB100,000,000	100.00%
Hong Kong Dongdi Holding Limited	Established	July 28, 2023	HKD10,000	100.00%
Multek Zhuhai Enterprise Management Co.,	Established	April 27, 2023	RMB1,000,000	100.00%

LTD				
Multi-Fineline Electronics (Thailand) Co., Ltd.	Established	June 30, 2023	USD50,000,000	100.00%

2. Subsidiaries removed from the scope of consolidation

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal	Net profit from January 1, 2023 to the date of disposal (RMB)
Zhuhai Dii Information Technology Consulting Co., Ltd.	Deregistration	September 7, 2023		
Hainan Chengjia Technology Consulting Co., Ltd.	Deregistration	November 1, 2023	-206,048.28	12,320,966.42
Suzhou Yuanshi Electronic Technology Co., Ltd.	Deregistration	August 4, 2023	-12,592,979.40	-468,295.88
DSBJ Norway AS	Deregistration	December 27, 2023	345,205.52	18,211,422.23

X. Interests in Other Entities**1. Interests in subsidiaries****(1) Composition of the enterprise group**

Subsidiary	Registered capital	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
					Direct	Indirect	
Suzhou Yongchuang Metal Science and Technology Co., Ltd.		Suzhou	Suzhou	Manufacturing	100.00%		Business combinations involving entities under common control
Suzhou Dongkui Lighting Co., Ltd.		Suzhou	Suzhou	Manufacturing	100.00%		Established
Suzhou Chengjia		Suzhou	Suzhou	Manufacturing	100.00%		Established
Dongguan Dongshan Precision Manufacturing Co., Ltd.		Dongguan	Dongguan	Manufacturing	95.00%	5.00%	Established
Suzhou Dongjiyuan Metal Technology Co., Ltd.		Suzhou	Suzhou	Manufacturing	100.00%		Established
Yancheng Dongshan		Yancheng	Yancheng	Manufacturing	95.00%	5.00%	Established
Suzhou Jebson Intelligent Technology Co., Ltd.		Suzhou	Suzhou	Manufacturing	51.00%		Established
Suzhou Dongdai Electronic Technology Co., Ltd.		Suzhou	Suzhou	Manufacturing	51.00%		Established
Suzhou Dongyan Electronic Technology Co., Ltd.		Suzhou	Suzhou	Manufacturing	51.00%		Established
Yancheng Dongshan Business Management Co., Ltd.		Yancheng	Yancheng	Property management	95.00%	5.00%	Established
Yancheng Dongshan Communication Technology Co., Ltd.		Yancheng	Yancheng	Manufacturing	100.00%		Established
Shanghai Chengjia Consulting Management Co., Ltd.		Shanghai	Shanghai	Business & investment	100.00%		Established
Yancheng Mutto Optronics Technology Co., Ltd.		Yancheng	Yancheng	Manufacturing		100.00%	Established
Dowell Smart Suzhou Co., Ltd.		Suzhou	Suzhou	Manufacturing		100.00%	Established
MFLEX Yancheng Co., Ltd.		Yancheng	Yancheng	Manufacturing		100.00%	Established
MFLEX Suzhou		Suzhou	Suzhou	Manufacturing		100.00%	Business combinations involving entities not under common control
MFLEX Chengdu Co., Ltd.		Chengdu	Chengdu	Manufacturing		100.00%	Business combinations involving entities not under common control
RF Top Electronic		Suzhou	Suzhou	Manufacturing	93.51%		Business combinations involving entities not under common control
Mutto Optronics		Suzhou	Suzhou	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek Technology (Zhuhai) Co., Ltd.		Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek Industries		Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control

Multek Electronics		Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek Zhuhai		Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek China		Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek Zhuhai Enterprise Management Co., LTD		Zhuhai	Zhuhai	Business & investment		100.00%	Established
Suzhou Dongbo Precision Manufacturing Co., Ltd.		Suzhou	Suzhou	Manufacturing	51.00%		Established
MFLEX Shanghai Co., Ltd.		Shanghai	Shanghai	Wholesale	100.00%		Established
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)		Shenzhen	Shenzhen	Business & investment	76.92%		Established
Suzhou Dongke Real Estate Co., Ltd.		Suzhou	Suzhou	Real estate	100.00%		Established
Yancheng Dongchuang Precision Manufacturing Co., Ltd.		Yancheng	Yancheng	Manufacturing	100.00%		Established
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd.		Suzhou	Suzhou	Manufacturing		100.00%	Established
Shanghai Dongxin New Energy Technology Co., Ltd.		Shanghai	Shanghai	Manufacturing	95.00%	5.00%	Established
Shanghai Donglan New Energy Technology Co., Ltd.		Shanghai	Shanghai	Manufacturing		100.00%	Established
Suzhou Dongyue New Energy Technology Co., Ltd.		Kunshan	Kunshan	Manufacturing	90.00%	10.00%	Established
Suzhou Dongshan Industrial Investment Co., Ltd.		Suzhou	Suzhou	Business & investment	100.00%		Established
Suzhou Dongdi Holding Limited		Suzhou	Suzhou	Business & investment		100.00%	Established
Suzhou JDI		Suzhou	Suzhou	Manufacturing	100.00%		
Chaowei Microelectronics (Yancheng) Co., Ltd.		Yancheng	Yancheng	Manufacturing		100.00%	Established
Hong Kong Dongshan		Hong Kong	Hong Kong	Business & investment	100.00%		Established
Mutto Optronics Group Limited		BVI		Business & investment		100.00%	Business combinations involving entities not under common control
DSBJ holdings Inc.		USA		Business & investment		100.00%	Established
DSBJ International Inc.		USA		Business & investment		100.00%	Established
DSBJ Solutions INC		USA		Business & investment		100.00%	Established
Dragon Electronix Holdings INC.		USA		Business & investment		100.00%	Established
Multi-Fineline Electronix, Inc.		USA		Business & investment		100.00%	Business combinations involving entities not under common control
MFLEX Delaware, Inc.		Delaware		Business & investment		100.00%	Business combinations involving entities not under common control
Multi-Fineline Electronix Singapore Pte. Ltd.		Singapore		Business & investment		100.00%	Business combinations involving entities not under common control
MFLEX B.V.		Netherlands		Business & investment		100.00%	Business combinations involving entities not under common control
Hong Kong Dongshan Holding Limited		Hong Kong		Business & investment	100.00%		Established
DSBJ PTE. LTD.		Singapore		Business & investment		100.00%	Established
Multek Group (Hong Kong) Limited		Hong Kong		Business & investment		100.00%	Established
Multek Technology, Inc.		USA		Business & investment		100.00%	Established
Multek Technologies Limited		Mauritius		Business & investment		100.00%	Business combinations involving entities not under common control
The Dii Group (BVI) Co. Limited		BVI		Business & investment		100.00%	Business combinations involving entities not under common control

The Dii Group Asia Limited		Hong Kong		Business & investment		100.00%	Business combinations involving entities not under common control
Multek Hong Kong Limited		Hong Kong		Business & investment		100.00%	Business combinations involving entities not under common control
Astron Group Limited		Hong Kong		Business & investment		100.00%	Business combinations involving entities not under common control
Vastbright PCB (Holding) Limited		Hong Kong		Business & investment		100.00%	Business combinations involving entities not under common control
Multek Technology Germany GmbH		Germany		Business & investment		100.00%	Business combinations involving entities not under common control
Multek Technology Sweden AB		Sweden		Business & investment		100.00%	Established
Multek Technology Malaysia SDN.BHD		Malaysia		Business & investment		100.00%	Established
Korea branch office of DSBJ Pte. Ltd.		Korea		Business & investment		100.00%	Established
Autotech Producti on de Mexico S. de R. L. de C.V.		Mexico		Manufacturing		100.00%	Business combinations involving entities not under common control
Aranda Tooling, Inc.		USA		Manufacturing		100.00%	Business combinations involving entities not under common control
AutoTech Production Services, Inc.		USA		Manufacturing		100.00%	Business combinations involving entities not under common control
DSBJ MEXICO,S.DER.L.DEC. V.		Mexico		Manufacturing		100.00%	Established
Multi-Fineline Electronics (Thailand) Co., Ltd.		Thailand		Manufacturing		100.00%	Established
Hong Kong Dongdi Holding Limited		Hong Kong		Business & investment		100.00%	Established

XI. Government Grants

1. Government grants recognized at the amount receivable at the end of the reporting period

☒Applicable ☐N/A

Closing balance of government receivable: RMB37,648,885.00.

Reason for failure to receive expected government grants at the expected time:

☐ Applicable ☒N/A

2. Liabilities related to government grants

☒Applicable ☐N/A

In RMB

Item	Opening balance	New grants received in the current period	Amount of non-operating revenue recognized in the current period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income	747,587,634.12	131,751,774.19		145,882,723.14		733,456,685.17	Related to assets
Subtotal	747,587,634.12	131,751,774.19		145,882,723.14		733,456,685.17	

3. Government grants recognized in profit or loss

☒Applicable ☐N/A

In RMB

Item	2023	2022
Government grants recognized in other income	248,078,668.03	317,617,133.80
Effect of financial interest subsidy on total profit	1,174,471.47	309,000.00
Total	249,253,139.50	317,926,133.80

XII. Risks associated with financial instruments

1. Risks arising from financial instruments

The Company's objectives of risk management are to maintain a balance between risk and income, minimize the negative effect of

risks on the operating results of the Company and maximize the interests of the shareholders and other equity investors. On the basis of such objectives of risk management, the Company's basic risk management policy is designed to identify and analyze all kinds of risks facing the Company, set appropriate risk thresholds in risk management, and monitor risks and adherence to limits in a timely and reliable manner.

The Company faces a variety of risks associated with financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. Below is a summary of the policies for managing such risks considered and approved by the management.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Assessment of credit risk

At each balance sheet date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during their estimated lifetime through a comparison of the default risk at the balance sheet date and the initial recognition date, on an individual or collective basis.

The Company determines that the credit risk of a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

- 1) Quantitative standard, mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition; and/or
- 2) Qualitative standard, mainly relates to significant adverse changes in the debtor's business situation or financial position, and present or expected changes in technology, market, economy or legal environment that will have a material adverse effect on the debtor's ability to repay.

(2) Definition of default and credit-impaired assets

A financial instrument is in default or credit impaired when one or more of the following conditions are met:

- 1) significant financial difficulty of the debtor;
- 2) any breach by the debtor of contract terms binding on it;
- 3) it becomes probable that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditors of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditors would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit losses include the probability of default, loss given default, and exposure to default risk. The Company has developed a model of the probability of default, loss given default and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. See Notes V(I)3, V(I)4, V(I)7 and V(I)10 for the conciliation table of opening balances and closing balances of allowance for impairment loss on financial instruments.

4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other monetary capital in financial institutions with relatively high credit ratings, so its credit risk is relatively low.

(2) Accounts receivable

The Company performs credit assessments on customers using credit settlement on an ongoing basis. The Company selects approved and creditworthy customers based on the result of credit assessment, and monitors the balance of accounts receivable from them on an ongoing basis, to avoid significant risk of doubtful accounts.

As the Company only deals with approved and creditworthy third parties, no collateral is required. As of December 31, 2023, the Company faced certain credit concentration risks. In particular, 60.39% (December 31, 2022: 52.73%) of the Company's accounts receivable came from the top 5 customers, without any collateral or other credit enhancement.

The Company's maximum exposure to credit risk is the carrying value of each financial asset in the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may not have enough cash to satisfy its obligation to deliver cash or other financial assets, due to the inability to liquidate financial assets at fair value in a timely manner, or failure of counterparties to discharge their contract liabilities, acceleration of debts, failure to generate expected cash flows, or otherwise.

In order to control such risk, the Company utilizes a variety of financing tools such as settlement by means of notes, bank loans, etc., combines long-term and short-term financing to optimize financing structure, and maintains a balance between financing sustainability and flexibility. The Company has obtained lines of credit from many commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity

In RMB

Item	December 31, 2023				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans	12,329,399,469.82	12,883,478,634.71	7,981,675,775.53	3,054,956,512.84	1,846,846,346.34
Financial liabilities held for trading	104,174,076.23	104,174,076.23	104,174,076.23		
Notes payable	909,171,215.93	909,171,215.93	909,171,215.93		
Accounts payable	8,039,107,176.52	8,039,107,176.52	8,039,107,176.52		
Other payables	80,188,628.54	80,188,628.54	80,188,628.54		
Lease liabilities (including non-current liabilities due within one year)	1,872,497,186.10	2,130,134,243.16	77,293,792.42	1,609,372,610.71	443,467,840.03
Long-term payables (including non-current liabilities due within one year)	296,995,789.48	296,995,789.48		296,995,789.48	
Subtotal	23,631,533,542.62	24,443,249,764.57	17,191,610,665.17	4,961,324,913.03	2,290,314,186.37

(Continued)

Item	December 31, 2022				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans (including non-current liabilities due within one year)	12,158,035,282.87	12,622,983,732.45	9,154,149,516.56	2,953,900,674.22	514,933,541.67
Financial liabilities held for trading	91,517,116.89	91,517,116.89	91,517,116.89		
Notes payable	2,008,405,860.19	2,008,405,860.19	2,008,405,860.19		
Accounts payable	5,986,286,590.32	5,986,286,590.32	5,986,286,590.32		
Other payables	54,324,601.72	54,324,601.72	54,324,601.72		
Lease liabilities (including non-current liabilities due within one year)	1,671,260,217.63	2,187,054,071.55	24,396,526.02	303,388,335.26	1,859,269,210.27
Subtotal	21,969,829,669.62	22,950,571,973.12	17,319,080,211.70	3,257,289,009.48	2,374,202,751.94

(III) Market Risk

Market risk is the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices. Market risk mainly includes interest risk and foreign exchange risk.

1. Interest risk

Interest risk is the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rates. Interest-bearing financial instruments with fixed interest rates expose the Company to fair value interest rate risk, while interest-bearing financial instruments with floating interest rates expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and reviews and monitors the appropriateness of its portfolio of financial instruments on a regular basis. The cash flow interest rate risk that the Company faces is primarily associated with the floating-rate bank loans owed by the Company, which amounted to RMB1,406,781,793.94 as of December 31, 2023 (December 31, 2022: RMB735,900,000.00). Supposing the interest rate changes by 50 basic points while other variables remain unchanged, the Company's total profit and shareholders' interest will not be materially affected.

2. Foreign exchange risk

Foreign exchange risk is the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in exchange rates. The Company's foreign exchange risk relates mainly to foreign currency denominated monetary assets and liabilities. When a short-term imbalance occurs on foreign currency denominated assets and liabilities, the Company may trade foreign currencies at market exchange rates when necessary, in order to maintain the net risk exposure at an acceptable level.

See notes to the Financial Statements for details of foreign currency denominated monetary assets and liabilities on December 31, 2023.

XIII. Fair Value Disclosures

1. Closing balance of the fair value of assets and liabilities measured at fair value

In RMB

Item	Closing balance of fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
1. Financial assets at fair value through profit or loss			146,141,371.77	146,141,371.77
(2) Investment in equity instruments			71,779,147.66	71,779,147.66
(4) Derivatives			26,920,185.50	26,920,185.50
(5) Bank wealth management products			47,442,038.61	47,442,038.61
(II) Other debt investments			290,477,095.22	290,477,095.22
(III) Investment in other equity instruments			278,157,110.00	278,157,110.00
Total assets measured at fair value on a recurring basis			714,775,576.99	714,775,576.99
(VI) Financial liabilities held for trading			104,174,076.23	104,174,076.23
Total liabilities measured at fair value on a recurring basis			104,174,076.23	104,174,076.23
II. Fair value measurement on a non-recurring basis	--	--	--	--

2. Basis for determining the market prices of items subject to recurring and non-recurring fair value measurements within Level 1

3. Valuation techniques and qualitative and quantitative information of important inputs for items subject to recurring and non-recurring fair value measurements within Level 2

4. Valuation techniques and qualitative and quantitative information of important inputs for items subject to recurring and non-recurring fair value measurements within Level 3

1. The closing balance of the fair value of bank wealth management products is determined mainly based on their principal and expected income.

2. The fair value of forward exchange settlement and sale transactions already authorized but not yet settled is determined based on the forward exchange rates as confirmed with the transaction bank at the end of the reporting period.

3. The fair value of an investment in other equity instruments is determined based on the initial investment amount.

4. The fair value of a note receivable is determined based on its face amount.

5. The fair value of an investment in equity instruments is determined based on the initial investment amount.

XIV. Related Parties and Related-party Transactions

1. Parent of the Company

The Company's actual controllers are YUAN Yonggang, YUAN Yongfeng and YUAN Fugen, who hold 11.83%, 13.01% and 3.44% of the total shares and votes of the Company respectively, and 28.27% of the total shares and votes of the Company in aggregate.

2. Subsidiaries of the Company

The particulars of the subsidiaries of the Company are set forth in "Interests in Other Entities".

3. Joint ventures and associates of the Company

The particulars of the joint ventures and associates of the Company are set forth in "Interests in Other Entities".

Other joint ventures or associates that have carried out related-party transactions with the Company in the current period or the previous periods with balances recorded in the current period:

Name of joint venture or associate	Relationship with the Company
Suzhou Toprun Electric Equipment Co., Ltd.	Associate
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Associate

4. Other related parties

Name of other related party	Relationship with the Company
Hai Dixin Semiconductor (Nantong) Co., Ltd.	Associate
Anhui Landun Photoelectron Co., Ltd.	A company controlled by the actual controllers of the Company
Shanghai Corkuna New Material Technologies Co., Ltd.	A company controlled by the actual controllers of the Company
Suzhou Corkuna New Material Technologies Co., Ltd.	A company controlled by the actual controllers of the Company

5. Related-party transactions

(1) Related-party commodity and service transactions

Purchase of goods and receipt of services from related parties

In RMB

Related party	Subject matter	2023	Transaction quota approved	Whether or not exceed the transaction quota?	2022
Suzhou Toprun Electric Equipment Co., Ltd.	Purchase of goods				3,097.35
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Purchase of goods	1,153,371.50			204,576.69
Shanghai Corkuna New Material	Purchase of goods	11,426,652.85			

Technologies Co., Ltd.					
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Sale of goods and rendering of services to related parties

In RMB

Related party	Subject matter	2023	2022
Suzhou Toprun Electric Equipment Co., Ltd.	Sale of goods		131,783.22
Suzhou Toprun Electric Equipment Co., Ltd.	Purchase of equipment	154,390.07	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Sale of goods		18,297.73
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Rendering of services	150,462.54	97,261.61
Anhui Landun Photoelectron Co., Ltd.	Rendering of services	269,820.00	485,700.00
Suzhou Corkuna New Material Technologies Co., Ltd.	Sale of equipment	964,438.95	

(2) Related-party entrusted management/contracts

(3) Related-party leases

(4) Related-party guarantees

The Company as guarantor:

In RMB

Obligor	Amount guaranteed	Effective date of guarantee	Expiry date of guarantee	Whether the obligation guaranteed has been discharged
Suzhou Toprun Electric Equipment Co., Ltd.	5,000,000.00	April 30, 2023	April 30, 2024	No
Suzhou Toprun Electric Equipment Co., Ltd.	3,000,000.00	May 11, 2023	May 11, 2024	No
Suzhou Toprun Electric Equipment Co., Ltd.	5,400,000.00	August 24, 2023	August 23, 2024	No
Suzhou Toprun Electric Equipment Co., Ltd.	6,600,000.00	September 5, 2023	September 4, 2024	No
Suzhou Toprun Electric Equipment Co., Ltd.	5,000,000.00	January 12, 2023	January 12, 2024	No
Shanghai Fu Shan Precision Manufacturing Co., Ltd.	30,000,000.00	October 12, 2023	October 11, 2024	No

The Company as obligor:

In RMB

Guarantor	Amount guaranteed	Effective date of guarantee	Expiry date of guarantee	Whether the obligation guaranteed has been discharged
YUAN Yonggang and YUAN Yongfeng	500,000,000.00	March 22, 2018	August 28, 2024	No

(5) Related-party loans

(6) Related-party asset transfer and debt restructuring

(7) Remunerations of key officers

In RMB

Item	2023	2022
Remunerations of key officers	21,963,000.00	23,629,500.00

6. Amounts receivable from/payable to related parties

(1) Amounts receivable from related parties

In RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Allowance for doubtful accounts	Book balance	Allowance for doubtful accounts

Accounts receivable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	257,026.80	22,356.61	95,094.62	1,972.32
Accounts receivable	Suzhou Toprun Electric Equipment Co., Ltd.	129,457.70	1,150.29	1,032,857.12	181,059.83
Accounts receivable	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,607,132.92	1,607,132.92	1,607,132.92	1,607,132.92
Other receivables	Suzhou Corkuna New Material Technologies Co., Ltd.	339,816.02	1,699.08		
Other receivables	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,790,748.55	1,790,748.55	1,790,748.55	1,790,748.55

(2) Amounts payable to related parties

In RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	310,347.77	45,359.67
Accounts payable	Shanghai Corkuna New Material Technologies Co., Ltd.	7,338,661.31	

XV.Share-based Payments**1. Summary of share-based payments**☒ Applicable ☐ N/A

In RMB

Type of grantees	Granted in the current period		Exercised in the current period		Vested in the current period		Expired in the current period	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Administrative personnel			555,885.50	10,895,355.80	559,888.50	10,973,814.60	4,003.00	109,041.72
R&D personnel			57,157.00	1,120,277.20	58,370.00	1,144,052.00	1,213.00	33,042.12
Sales personnel			64,799.00	1,270,060.40	64,799.00	1,270,060.40		
Total			677,841.50	13,285,693.40	683,057.50	13,387,927.00	5,216.00	142,083.84

Outstanding share options or other equity instruments at the end of the current period:

☐ Applicable ☒ N/A**2. Equity-settled share-based payments**☒ Applicable ☐ N/A

In RMB

Important parameters for determining the fair value of equity instruments at the grant date	Closing price of the Company's stock at the date the relevant employee stock ownership plan was approved by the general meeting of shareholders
Basis for determining the number of exercisable equity instruments	The number approved by the Board of Directors and the general meeting of shareholders of the Company, taking into account the performance indicators
Reason of significant differences between the current estimates and previous estimates	N/A
Aggregate amount of equity-settled share-based payments recorded in capital reserve	25,609,244.46
Total amount of equity-settled share-based payments recognized in expenses in the current period	8,882,690.60

3. Cash-settled share-based payments☐ Applicable ☒ N/A**4. Share-based payments in the current period**☒ Applicable ☐ N/A

In RMB

Type of grantees	Equity-settled share-based payments	Cash-settled share-based payments
Administrative personnel	7,190,365.68	
R&D personnel	802,000.00	

Sales personnel	890,324.92	
Total	8,882,690.60	

XVI. Commitments and Contingencies

1. Significant commitments

As of the balance sheet date, the Company did not have any significant commitment needing to be disclosed.

2. Contingencies

(1) Significant contingencies as of the balance sheet date

As of the balance sheet date, the Company did not have any contingency needing to be disclosed.

(2) Whether the Company does not have any significant contingency needing to be disclosed?

The Company does not have any significant contingency needing to be disclosed.

XVII. Subsequent Events

1. Significant non-adjusting events

2. Profit distribution

Dividends to be distributed per 10 shares (RMB)	2.5
Number of bonus shares to be distributed per 10 shares (shares)	0
Number of shares to be distributed per 10 shares through capitalization of capital reserve (shares)	0
Dividends to be distributed per 10 shares approved and declared (RMB)	0
Number of bonus shares to be distributed per 10 shares approved and declared (shares)	0
Number of shares to be distributed per 10 shares through capitalization of capital reserve approved and declared (shares)	0
Profit distribution proposal	Pursuant to the <i>Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends by the Listed Companies</i> , the AOA and other relevant provisions, taking into account the actual business situation and development plans of the Company, as well as the requirements of normal operation and sustainable development of the Company, the Company proposed to distribute a cash dividend of RMB 2.5 (inclusive of tax) per 10 shares, or RMB425,319,052.25 in total, to all shareholders on the basis of 1,701,276,209 shares (excluding the treasury shares) for the year 2023, without distributing any bonus shares or transferring any capital reserve to the share capital. (Note: As of the date of this Report, the Company had a total share capital of 1,709,867,327 shares, of which, 8,591,118 shares held in the dedicated securities account for repurchase would not participate in the profit distribution.)

3. Sales return

4. Other subsequent events

Pursuant to the resolution adopted at the 2nd extraordinary general meeting of shareholders of the Company in 2024 held on March 29, 2024, the Company decided to issue shares in a total amount of up to RMB1,500,000,000 to YUAN Yonggang and YUAN Yongfeng, the actual controllers of the Company, the offering proceeds received from which, after deduction of the offering costs, would be wholly used to replenish the Company's working capital.

XVIII. Other Significant Information

XIX. Notes to Key Items of the Standalone Financial Statements

1. Accounts receivable

(1) Accounts receivable by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	1,278,554,642.91	1,687,314,119.76
Within 6 months	1,195,439,845.81	1,391,027,273.41
7-12 months	83,114,797.10	296,286,846.35

1-2 years	689,194,247.06	42,046,884.05
2-3 years	4,893,435.36	46,005,127.05
Over 3 years	227,083,256.45	265,061,558.90
3-4 years	195,473,911.72	230,459,611.43
4-5 years	9,831,416.31	15,304,313.92
Over 5 years	21,777,928.42	19,297,633.55
Total	2,199,725,581.78	2,040,427,689.76

(2) Accounts receivable by method of recognition of allowance for doubtful accounts

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	12,127,413.92	0.55%	12,127,413.92	100.00%		11,014,431.64	0.54%	11,014,431.64	100.00%	
Incl.:										
Allowance recognized collectively	2,187,598,167.86	99.45%	102,894,892.64	4.70%	2,084,703,275.22	2,029,413,258.12	99.46%	88,306,919.25	4.35%	1,941,106,338.87
Incl.:										
Total	2,199,725,581.78	100.00%	115,022,306.56	5.23%	2,084,703,275.22	2,040,427,689.76	100.00%	99,321,350.89	4.87%	1,941,106,338.87

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Group of related parties within the scope of consolidation	1,214,252,593.14		
Aging group	973,345,574.72	102,894,892.64	10.57%
Total	2,187,598,167.86	102,894,892.64	

Recognition of allowance for doubtful accounts in accordance with the general model of expected credit losses:

☐ Applicable ☒ N/A**(3) Allowance for doubtful accounts recognized, recovered or reversed in the current period**

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	11,014,431.64	1,149,544.84			-36,562.56	12,127,413.92
Allowance recognized collectively	88,306,919.25	51,693,067.04		37,105,093.65		102,894,892.64
Total	99,321,350.89	52,842,611.88		37,105,093.65	-36,562.56	115,022,306.56

(4) Accounts receivable actually written off in the current period**(5) Top 5 debtors in terms of closing balance of accounts receivable**

In RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	% of total closing balance of accounts receivable and contract assets	Closing balance of allowance for doubtful accounts receivable and impairment of contract assets
Debtor 1	384,489,368.13		384,489,368.13	17.48%	
Debtor 2	248,011,073.93		248,011,073.93	11.27%	
Debtor 3	231,272,368.40		231,272,368.40	10.51%	
Debtor 4	164,038,130.02		164,038,130.02	7.46%	820,190.65
Debtor 5	108,970,984.24		108,970,984.24	4.95%	

Total	1,136,781,924.72		1,136,781,924.72	51.67%	820,190.65
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2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	2,203,111,413.70	1,210,095,256.90
Other receivables	3,049,524,125.86	2,035,435,690.22
Total	5,252,635,539.56	3,245,530,947.12

(1) Dividends receivable by category

In RMB

Item (or investee)	Closing balance	Opening balance
Hong Kong Dongshan Holding	1,817,111,413.70	944,095,256.90
Yancheng Dongshan	266,000,000.00	266,000,000.00
Suzhou JDI	120,000,000.00	
Total	2,203,111,413.70	1,210,095,256.90

(2) Significant dividends receivable aged over one year

In RMB

Item (or investee)	Closing balance	Age	Reason for failure to collect	Whether or not impaired and the basis for determination
Hong Kong Dongshan Holding	344,095,256.90	2-3 years	To support the development of the subsidiary	
Yancheng Dongshan	266,000,000.00	2-3 years	To support the development of the subsidiary	
Total	610,095,256.90			

(3) Other receivables

1) Other receivables by nature

In RMB

Nature of account	Closing balance	Opening balance
Current accounts	3,043,264,560.13	2,021,455,028.32
Security deposit	2,042,208.17	8,626,398.25
Loans and reserve fund	2,562,780.89	7,191,382.15
Temporary payment receivable	4,250,557.91	
Total	3,052,120,107.10	2,037,272,808.72

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	2,918,638,154.04	1,811,580,254.07
1-2 years	123,650,779.00	209,574,243.72
2-3 years	1,451,851.51	8,539,126.50
Over 3 years	8,379,322.55	7,579,184.43
3-4 years	8,199,590.38	39,000.00
4-5 years	39,000.00	189,660.00
Over 5 years	140,732.17	7,350,524.43
Total	3,052,120,107.10	2,037,272,808.72

3) Other receivables by the method of recognition of allowance for doubtful accounts

☒ Applicable ☐ N/A

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized collectively	3,052,120,107.10	100.00%	2,595,981.24	0.09%	3,049,524,125.86	2,037,272,808.72	100.00%	1,837,118.50	0.09%	2,035,435,690.22
Incl.:										
Total	3,052,120,107.10	100.00%	2,595,981.24	0.09%	3,049,524,125.86	2,037,272,808.72	100.00%	1,837,118.50	0.09%	2,035,435,690.22

Allowance for doubtful accounts recognized collectively: Aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Group of related parties within the scope of consolidation	3,043,264,560.13		
Aging group	8,855,546.97	2,595,981.24	29.31%
Incl.: Within 1 year	3,640,461.98	182,023.10	5.00%
1-2 years	2,305,779.00	230,577.90	10.00%
2-3 years	1,451,851.51	725,925.76	50.00%
Over 3 years	1,457,454.48	1,457,454.48	100.00%
Total	3,052,120,107.10	2,595,981.24	

Basis for grouping:

Recognition of allowance for doubtful accounts in accordance with the general model of expected credit losses:

In RMB

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance on January 1, 2023	597,356.91	202,472.37	1,037,289.22	1,837,118.50
In the current period:				
- Transferred to stage 2	-115,288.95	115,288.95		
- Transferred to stage 3		-145,185.15	145,185.15	
Recognized	-300,044.86	-87,183.42	1,146,091.02	758,862.74
Balance on December 31, 2023	182,023.10	230,577.90	2,183,380.24	2,595,981.24

Basis for classification of stages and percentage of allowance for doubtful accounts recognized:

Significant changes in the book balance of allowance for doubtful accounts in the current period:

☐ Applicable ☒ N/A

4) Allowance for doubtful accounts recognized, recovered or reversed in the current period

5) Other receivables actually written off in the current period

6) Top 5 debtors in terms of closing balance of other receivables

In RMB

Company name	Nature of account	Closing balance	Age	% of total closing balance of other receivables	Closing balance of allowance for doubtful accounts
Yancheng Dongshan	Current accounts	897,244,867.35	Within 1 year	29.40%	
Mutto Optronics	Current accounts	509,763,515.78	Within 1 year	16.70%	
Hong Kong Dongshan Holding Limited	Current accounts	521,768,759.08	Within 1 year	21.07%	
Hong Kong Dongshan Holding	Current accounts	121,345,000.00	1-2 years		
Suzhou Dongkui Lighting Co., Ltd.	Current accounts	308,786,242.13	Within 1 year	10.12%	
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	Current accounts	265,473,073.23	Within 1 year	8.70%	
Total		2,624,381,457.57		85.99%	

3. Long-term equity investments

In RMB

Item	Closing balance			Opening balance		
	Book balance	Allowance for impairment loss	Carrying value	Book balance	Allowance for impairment loss	Carrying value
Investments in subsidiaries	9,515,272,968.95	133,690,000.00	9,381,582,968.95	7,635,046,830.50	133,690,000.00	7,501,356,830.50

Investments in associates and joint ventures	102,227,354.08	17,507,056.47	84,720,297.61	96,697,663.15	17,507,056.47	79,190,606.68
Total	9,617,500,323.03	151,197,056.47	9,466,303,266.56	7,731,744,493.65	151,197,056.47	7,580,547,437.18

(1) Investments in subsidiaries

In RMB

Investee	Opening balance (carrying value)	Opening balance of allowance for impairment loss	Changes in the current period				Closing balance (carrying value)	Closing balance of allowance for impairment loss
			Additional investment	Reduced investment	Allowance for impairment loss	Others		
Dongguan Dongshan Precision Manufacturing Co., Ltd.	342,000,000.00						342,000,000.00	
Hainan Chengjia Technology Consulting Co., Ltd.	4,090,724.00			5,017,941.22		927,217.22		
MFLEX Shanghai Co., Ltd.	2,023,777.30						2,023,777.30	
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)	100,000,000.00						100,000,000.00	
RF Top Electronic	372,735,017.46					128,922.38	372,863,939.84	
Suzhou Chengjia Precision Manufacturing Co., Ltd.	80,068,355.10					36,456.12	80,104,811.22	
Suzhou Dongbo Precision Manufacturing Co., Ltd.	5,100,000.00						5,100,000.00	
Suzhou Dongdai Electronic Tech Co Ltd.	1,530,000.00						1,530,000.00	
Suzhou Dongjiyuan Metal Technology Co., Ltd.	52,600,000.00						52,600,000.00	
Suzhou Dongke Real Estate Co., Ltd.	152,389,096.00						152,389,096.00	
Suzhou Dongkui Lighting Co., Ltd.	12,100,000.00						12,100,000.00	
Suzhou Dongyan Electronic Technology Co., Ltd.	1,530,000.00						1,530,000.00	
Suzhou Jebson Intelligent Technology Co., Ltd.	255,000.00						255,000.00	
Yongchuang Tech	451,528,857.01					47,869.88	451,576,726.89	
Suzhou Yuanshi Electronic Technology Co., Ltd.	5,000,000.00		7,600,000.00	12,600,000.00				
Hong Kong Dongshan	3,744,565,150.00	133,690,000.00					3,744,565,150.00	133,690,000.00
Hong Kong Dongshan Holding Limited	452,677,880.00						452,677,880.00	
Yancheng Dongshan	1,093,199,757.00					373,203.50	1,093,572,960.50	
Yancheng Dongshan Business Management Co., Ltd.	3,042,042.00					22,422.40	3,064,464.40	
Yancheng Dongshan Communication Technology Co., Ltd.	280,242,702.43					141,067.86	280,383,770.29	
Suzhou JDI			1,382,684,003.83				1,382,684,003.83	
Suzhou Dongshan Industrial Investment Co., Ltd.			20,010,000.00				20,010,000.00	
Shanghai Dongxin New Energy Technology Co., Ltd.	20,000,000.00		60,000,000.00				80,000,000.00	

Yancheng Dongchuang Precision Manufacturing Co., Ltd.	150,000,000.00		120,000,000.00				270,000,000.00	
Suzhou Dongyue New Energy Technology Co., Ltd.	165,000,000.00		300,000,000.00				465,000,000.00	
Multek China	44,577.80					23,774.86	68,352.66	
Mutto Optronics	571,953.00					295,135.50	867,088.50	
MFLEX Suzhou	4,501,718.20					2,393,008.44	6,894,726.64	
Yancheng Mutto Optronics Technology Co., Ltd.	29,718.50					15,849.90	45,568.40	
MFLEX Yancheng	2,806,806.40					1,492,033.48	4,298,839.88	
Multek Industries	1,536,469.20					819,450.24	2,355,919.44	
Multek Zhuhai	187,229.10					99,855.62	287,084.72	
Dowell Smart Suzhou Co., Ltd.						12,639.46	12,639.46	
Multek Zhuhai Enterprise Management Co., LTD						721,168.98	721,168.98	
Total	7,501,356,830.50	133,690,000.00	1,890,294,003.83	17,617,941.22		7,550,075.84	9,381,582,968.95	133,690,000.00

(2) Investments in associates and joint ventures

In RMB

Investee	Opening balance (carrying value)	Opening balance of allowance for impairment loss	Changes in the current period								Closing balance (carrying value)	Closing balance of allowance for impairment loss
			Additional investment	Reduced investment	Investment income or loss under equity method	Adjustment to other comprehensive income	Other changes in equity	Declared cash dividends or profit distribution	Allowance for impairment loss	Others		
I. Joint ventures												
II. Associates												
Suzhou Toprun Electric Equipment Co., Ltd.	16,547,578.41				-4,905,800.86						11,641,777.55	
Shenzhen Nanfang Blog Technology Development Co., Ltd.		17,507,056.47										17,507,056.47
Shanghai Fushan Precision Manufacturing Co., Ltd.												
Suzhou LEGATE Intelligent Equipment Co., Ltd.	12,039,124.28				313,192.68						12,352,316.96	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,750,632.95				46,625.40						3,797,258.35	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	4,133,295.48				126,074.14						4,259,369.62	
Jiaozuo Songyang Optoelectric Technology Co., Ltd.	28,198,390.76				-1,444,609.69						26,753,781.07	
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	14,521,584.80		15,000,000.00		-3,605,790.74						25,915,794.06	
Subtotal	79,190,606.68	17,507,056.47	15,000,000.00		-9,470,309.07						84,720,297.61	17,507,056.47
Total	79,190,606.68	17,507,056.47	15,000,000.00		-9,470,309.07						84,720,297.61	17,507,056.47

Recoverable amount determined based on fair value net of disposal cost:

☐ Applicable ☒ N/A

Recoverable amount determined based on the present value of estimated future cash flows:

☐ Applicable ☒ N/A

4. Operating revenue and operating costs

In RMB

Item	2023		2022	
	Income	Cost	Income	Cost
Primary business	3,432,663,877.17	3,217,738,606.44	3,614,088,084.88	3,328,227,008.90
Other business	304,866,996.33	163,638,849.01	263,824,966.79	150,341,977.65
Total	3,737,530,873.50	3,381,377,455.45	3,877,913,051.67	3,478,568,986.55

5. Investment income

In RMB

Item	2023	2022
Income from long-term equity investments under cost method	1,120,631,673.83	600,121,362.64
Income from long-term equity investments under the equity method	-9,470,309.07	-2,530,300.44
Investment income from the disposal of long-term equity investments	-12,592,979.40	
Discount loss on accounts receivable financing	-1,212,944.45	-7,880,660.00
Income from bank wealth management products		169,744.17
Total	1,097,355,440.91	589,880,146.37

XX. Supplementary Information

1. Statement of non-recurring gain or loss for the current period

☒ Applicable ☐ N/A

In RMB

Item	Amount	Remark
Gain or loss from disposal of non-current assets	-26,367,874.21	
Government grants recognized in profit or loss (excluding the government grants that are closely related to the business of the Company, conform to the applicable policies of the country, are provided in accordance with the established standards, and continuously affect the Company's profit or loss)	249,253,139.50	
Gain or loss on changes in fair value of financial assets and financial liabilities held by non-financial entities, and gain or loss on disposal of financial assets and financial liabilities, except for effective hedges held in the ordinary course of business	14,283,973.00	
Reversal of allowance for impairment loss on accounts receivable assessed individually	1,250,000.00	
Other non-operating revenues and expenses	-398,583.47	
Other gain or loss within the meaning of non-recurring gain or loss	134,812,863.84	Investment income arising from business combinations involving entities not under common control
Less: Effect on income tax	22,244,723.86	
Effect on minority interests (exclusive of tax)	597,751.37	
Total	349,991,043.43	--

Other items of gain or loss within the meaning of non-recurring gain or loss:

☐ Applicable ☒ N/A

Classification of any item of non-recurring gain or loss defined by the Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities - Non-recurring gain or Loss as recurring profit or loss:

☐ Applicable ☒ N/A

2. Return on equity and earnings per share

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	11.38%	1.15	1.15
Net profit attributable to ordinary shareholders of the Company after	9.35%	0.95	0.95

deduction of non-recurring gain or loss			
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3. Differences in accounting data under the CASBEs and overseas accounting standards

(1) Differences in net profit and net assets disclosed in the financial report prepared under the CASBEs and the IFRS

☐ Applicable ☒ N/A

(2) Differences in net profit and net assets disclosed in the financial report prepared under the CASBEs and overseas accounting standards

☐ Applicable ☒ N/A

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Legal representative: YUAN Yonggang

April 18, 2024